

Dole Urges Reagan To Step In as Talks On Deficit Meander

Compiled by Our Staff From Dispatches
WASHINGTON — Senator Bob Dole, the Republican leader, urged President Ronald Reagan on Wednesday to step into budget negotiations, which participants say are meandering.

But Mr. Reagan complained that the Democrats were being inflexible in the talks and that his detractors were seeking excuses for their own past policies.

Failure to reach an agreement by the weekend on ways to cut the deficit in the 1988 fiscal year budget could further unsettle the financial markets, Mr. Dole said.

The Kansas senator, who is running for president, made his appeal to Mr. Reagan, a Republican, as Democrats expressed frustration with the budget talks, which involve White House officials and congressional leaders.

"I would hope we can have some agreement before Friday," Mr. Dole told the Senate. He said that the president "might call the group together or call the leadership together and indicate to us, and we can indicate to him at the same time, a willingness to do what we need to do."

The negotiators have focused on a plan to reduce the deficit by \$30 billion through equal amounts of spending cuts and increased taxes. While Democrats complained that White House negotiators were inflexible on tax increases, Republicans charged Tuesday that Democrats were unwilling in their refusal to consider further cuts in domestic spending.

Because of the inability to agree on a basic strategy, every proposal being presented behind the closed doors was going up "in a cloud of smoke," said one disheartened negotiator, Representative Silvio O. Conte, Republican of Massachusetts.

DOLLAR: Americans Oblivious

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percent of the nation's gross national product.

The ratio in some European nations is about 50 percent, which best explains Europe's preoccupation with foreign exchange stability and the existence of the European Monetary System.

Moreover, the dollar remains the world's reserve currency. Because most commodities are priced in dollars, there is little danger that the U.S. economy will have to suffer a "third oil shock." The phrase was coined in the 1982-84 period when European economies and Japan strained to keep up with surging dollar-denominated energy costs despite declining prices on the world's oil markets.

Not surprisingly, exchange rate movements, however slight, have an almost immediate impact on European consumers. In the United States, the dollar's steep decline in value — about 50 percent against the Deutsche mark and the yen since 1985 — has still not produced a level of price discomfort that it would have in a smaller economy.

To be sure, the prices of Toyota cars and French perfume have risen more than those of American products. But the alarm sounded most often by economists — that every 10-percent decline in the value of the dollar adds another percentage point to the inflation rate — has yet to ring true.

In fact, the willingness of European and Japanese manufacturers to protect their market share at the expense of profit margins has only served to insulate the American consumer even more.

"When a Frenchman hears that the franc is being devalued, he knows right away his money is

worth less; inflation is on its way," said Mr. Morris. "This just isn't the case in the United States."

These fundamentals probably best explain why the dollar has never emerged as a burning issue on the U.S. political scene. In Europe, the value of a country's currency seems to be inexorably caught up in its national consciousness, as much a matter of pride as economics.

As France under the leadership of President François Mitterrand, a Socialist, sought yet another destabilization of the franc within the EMS in 1983, the battle cry of opposition groups was "peuvre frane, peuvre France." And the debate at home was so fractious that France quarreled publicly with West Germany until it had won smaller devaluation to help still domestic critics.

In the absence of a sudden dollar free-fall, such a dispute is unlikely in the United States, much to the dismay of foreign governments who fear Washington will always be slow to respond to currency issues as long as its constituency does not complain.

The litany of complaints from U.S. trading partners, analysts contend, had little to do with the Reagan administration's decision to reverse its laisser-faire currency policy in 1985. Instead, they credit effective lobbying by U.S. manufacturers for the sudden awareness in Washington that the value of the dollar was just too high.

"Even with the dollar depreciating as it has, if you ask Americans if they are less well off now than when the dollar was strong, the answer is no," said Stephen Leach, an analyst with Chemical Bank's foreign exchange advisory service. "The only complaint is that a European vacation costs more."

Swiss mode, synonymous with elegance and perfection. The new hexagonal collection: an ultra-light lighter with two gas reserves and exclusive writing tools. Each item dressed in genuine Chinese lacquer.



ON THE LINE IN MANILA — A hooded informant, assigned by the Manila police to infiltrate local Communist organizations, inspected on Wednesday suspects held in connection with recent murders of policemen.

Iraqis Hit 4 Ships and Kharg Island; Millions in Iran Rally Against U.S.

Reuters

BAGHDAD — Iraqi warplanes attacked four ships in nine hours Wednesday and struck at Iran's Kharg Island oil terminal and Basra oil fields, according to high command communiques.

The attacks on ships were believed to be the highest reported by Iraq on a single day in the Gulf of Oman.

One communiqué said the raids reinforced a statement by President Saddam Hussein of Iraq to army officers that Iran was doomed unless it accepted peace "without compromise or maneuver."

Two of the ships were described as "very large" naval targets — Iraq's usual term for supertankers.

They were attacked off the Iranian coast, one at 5:30 P.M. and the other at 9:35 P.M., the Iraqi military reported.

Baaghdad also said warplanes raided Kharg Island and hit a ship docked there at 1 P.M. Warplanes also raided a ship in northern Gulf waters and attacked the Basman town of Mahabad, 340 miles (540 kilometers) northwest of Tehran.

The radio, monitored in Cyprus, blamed "mercenary agents of America" for the blast. The report said the bomb went off as the

Gulf shipping sources could not immediately confirm the shipping strikes.

Kharg Island has been hit more than 150 times since August 1983.

Earlier Wednesday, millions of Iranians shouting anti-American slogans took to the streets for rallies aimed at showing Washington an iron-fist policy in the Gulf.

The Iranian news agency, IRNA, said the demonstrators included hundreds of thousands of troops as well as government officials. In Tehran, they headed for a huge rally in Azadi Square.

In calling the demonstrations, Prime Minister Mir Hussein Mousavi said he hoped they would be large enough to shame the Americans and shatter their morale.

But Mr. Rafsanjani did not mention Iranian threats of military action against the United States.

Minesweepers Enter Gulf

The U.S. Defense Department said Wednesday that three additional navy minesweepers had

"passed safely through the Strait of Hormuz and into the Persian Gulf," The Associated Press reported from Washington.

Iran-Contra Panel Split, Draft Shows

United Press International

WASHINGTON — The draft copy of the dissent by Republican members of the congressional committee investigating the Iran-Contra affair concludes that President Ronald Reagan did not know the profits from arms sales to Tehran were diverted to the Nicaraguan rebels and assails the mostly Democratic majority for suggesting otherwise, it was learned Wednesday.

The draft of the 300-page dissent denounces the committee's proposed report as "a weapon in the ongoing guerrilla warfare" against the administration "instead of an objective analysis."

Extensive portions of the working paper, scheduled for release Nov. 13 with the committee's report, were made available to United Press International. The excerpts reveal key findings of the panels' draft report.

The panels' 400-page draft report, which is expected to be signed by all 15 Democrats and three Republicans senators on the committee, leaves open the question of Mr. Reagan's role in the diversion of \$3.5 million in arms-sale proceeds to the Nicaraguan rebels, who are known as contras.

While the majority draft says no evidence has been found to indicate Mr. Reagan's awareness of the diversions in 1986, it notes that the panels were denied access to thousands of pertinent documents that had been destroyed by White House aides, according to the dissent.

Inflation is scouring the country, a new experience for Chinese who are used to price jumps of less than 1 percent a year. Wage differentials are widening, which clashes with Communist orthodoxy.

Mr. Zhao, from all appearances, is aware of the risks he must take. Although he benefits from the presence of Mr. Deng, whose enormous prestige and competence will permit him to exert influence behind the scenes, Mr. Zhao will increasingly be the leader who must persuade the party, and the country, that his way is the only road into the future.

The conclusion that the president did not know about the diversion, the dissent says, "is one of the strongest of all the inferences one can make from the evidence before these committees."

"Any attempt to suggest otherwise," it adds, "can only be seen as an effort to sow meritless doubts in the hopes of reaping a partisan political advantage."

■ Swiss Deliver Accounts

Earlier, *The New York Times* reported:

Switzerland has turned over thousands of pages of secret bank documents to the special prosecutor in the Iran-contra affair, removing a final obstacle to the anticipated indictment of Lieutenant Colonel Oliver L. North and others.

The documents, which have been the subject of nearly a year of litigation in the United States and Switzerland, detail an elaborate plan to funnel money to Nicaraguan rebel groups.

The action on Tuesday by the Swiss Justice Ministry was seen as a victory for the special prosecutor, Lawrence E. Walsh.

According to legal sources, Mr. Walsh and his staff are expected to spend the next month studying the records; indictments would follow in December or early next year.

FRANCE: Report Cites Mitterrand

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ered" by several high-ranking Defense Ministry officials, including Mr. Hermit's top aide, Jean-François Dubois.

The report said that Admiral Pierre Lacoste, at the time the head of France's foreign intelligence service, told Mr. Dubois in February 1984 of Luchaire's suspicious exports, which were said to have involved false end-user certificates

for Yugoslavia, Brazil, Thailand, Turkey and Ecuador. Mr. Dubois is not known to have responded, "Not seen and not caught."

On May 21, 1984, Admiral Lacoste raised the issue with President Mitterrand himself and was told to inform Defense Minister Hermit, according to the report. A spokeswoman for the president said Mr. Mitterrand would make no comment on the issue, which is the object of a judicial inquiry.

The inspector-general cites Mr. Devaunay as saying that he gave "relatively unimportant sums — \$40,000 to \$60,000 — to an associate of Mr. Hermit but that "no sum was given to the Socialist Party or to authorities of the ministry."

In his own conclusion to the report, Mr. Barba said he believed the campaign for a review of traditional Soviet approaches to history was continuing unabated. The issue of the weekly Moscow News published Wednesday carried a harsh attack on Leonid I. Brezhnev, whose 20-year rule until his death in 1984 is increasingly blamed for the stagnation and failures of Soviet internal and foreign policy.

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Mr. Gorbachev, in his comments Wednesday, referred to the historical section of his speech when he said Moscow had "once and for all overcome the attempts at trifling

with history when, at times, we believed what we wanted to believe rather than what was."

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Although information about the 1968 invasion of Czechoslovakia was tightly controlled in the Soviet Union, the invasion had a reverberating effect. Moscow's reaction to the Czechoslovak experiment with democracy caused disillusionment among Soviet intellectuals and spurred the beginning of the dissident movement.

Some analysts have compared the opening of Soviet society and debate under Mr. Gorbachev to the freedoms in Prague in the spring of 1968. But the comparison is illusory because in the Soviet Union, unlike Prague, the party is in firm control of the process of change.

SOVIET: Russian Calls for Review

(Continued from Page 1)

the groundwork laid in a speech by Mr. Gorbachev on Monday.

The speech was seen as a compromise on several key historical topics, including the Stalin era. But several Soviet historians insisted Wednesday that the speech was not meant as the last word on the interpretation of history.

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Some

OPINION

INTERNATIONAL HERALD TRIBUNE

Published With The New York Times and The Washington Post

Strains in the Kremlin

The advance word on Mikhail Gorbachev's anniversary speech had been that it would rip the veil off 70 years of Communist deception. Either friends or foes could have spread this word: friends to encourage his boldness, foes to build up false expectations. But in the event, the speech was relatively restrained. Some but not much candor was restored to the official reading of Soviet history, notwithstanding Mr. Gorbachev's pledges to leave "no blank pages." Less was said about Stalin's murders, and with less passion, than Nikita Khrushchev offered 30 years ago. "Selfish" conservatives and "imperialist" liberals were paired as threats to reform. The speech was essentially a rationale for tactical caution.

It seems that Mr. Gorbachev is not in total command in the Kremlin. He acknowledges "a certain increase" in resistance, and glances toward evidence of it. It is not surprising that ambitious plans for change should occasion argument. Mr. Gorbachev is promoting change on a scale that provokes widespread doubt and opposition in the party apparatus and the state bureaucracy. Soviet liberals who embrace him have a voice that can be heard outside Soviet borders, but do

not have matching political clout at home. His reach for mass support is hindered by the workers' lack of political habit and by the inability of reform to offer early visible improvement in their daily lives.

Exciting things are going on in Moscow. Sobering as it is, however, it is necessary to keep in mind the framework of the debate. Was Stalin's terror and its sequel, the bureaucratic expansionist state, the inevitable and still inescapable result of the Lenin revolution, in which case Mr. Gorbachev is but a blip on the screen? Or is there in the revolutionary tradition a reformist potential, represented historically by Nikolai Bulakhov, whom Stalin persecuted in 1938?

Mr. Gorbachev introduced but at once dismissed Bulakhov in his address on Monday, as though to authorize discussion — a step forward — but not to position himself as an heir to Bulakhov or to assume the political burden of becoming his champion. That tells a good deal about the cramped context in which the current reform campaign is unfolding. Certainly it should put a brake on premature Western celebration of Mr. Gorbachev's success.

— THE WASHINGTON POST.

Deng's Line Continues

The distinguishing mark of China's 13th party congress was its steadiness, the legacy of a decade under the skillful hand of Deng Xiaoping. "The Big 13," as the Beijing press called it, brought few surprises.

The smoothness of the event underlined the continuing success of Mr. Deng's bloodless revolution from the top. Zhao Ziyang, acting party chief, took the title and vowed to continue Mr. Deng's pragmatic reforms. The old leader left the ruling Politburo with most of the aging conservatives in tow. Mr. Deng, though, is far from being out of power. And for all the bright rhetoric and air of compromise at the congress, hard times lie ahead.

Contrast the orderliness of this ongoing transition with the purges, palace intrigue and sweeping arrests surrounding Mao Zedong's death in 1976. Mr. Deng set aside the dogma of class warfare and impending revolution, and vowed to "seek truth from the facts." He turned collectives back to family farming and so raised productivity and rural incomes. He corbed the military, opened China to foreign investment and joint enterprise, and steadily cultivated new leadership. This careful work was jolted early this year when students tried to push political reform further than party elders wanted. Hu Yaobang, who was expected to succeed Mr.

— THE NEW YORK TIMES.

Impasse on the Deficit

How far does the stock market have to fall, and for how long, to force the White House and Congress into a compromise on the budget? Last week's air of desperate urgency evaporated with remarkable speed once the market began to rise again. Tuesday's yo-yo ought to be sufficient evidence that the market is still dangerously off balance. The budget impasse in Washington is feeding the anxiety that the market is reflecting.

The basic difference between Congress and Ronald Reagan lies deeper than the stale quarrel over spending priorities. Most of the congressional negotiators, of both parties, think that the budget deficit makes a real difference. Mr. Reagan continues to believe that it affects public psychology, like a rainy weekend, but that the antidote is a little sunshine. The possibility that the deficit might have a direct arithmetical effect on stock prices remains foreign to him. How could that be, when stocks rose dramatically through five years of huge deficits?

The answer is that other circumstances favored the United States and its financial markets for the first four of those five years. But then, as it always does, luck can run.

When a government runs a deficit, lenders

have to put up the money that it borrows. A country with a high savings rate, like Japan, can run big deficits with plenty of savings left over for industrial development and expansion. A country with a low savings rate — and Americans save notoriously little — can afford a big deficit temporarily, as long as foreigners are willing to lend it their savings. That is how the United States got along until early this year. But then the foreign investors began to think they were holding too many dollars, and last winter the voluntary flow of private foreign investment fell sharply. That made the dollar drop.

To prop it up, foreign governments bought billions of dollars. But that sharpened the political differences between America and the other countries over economic policy. As long as the United States keeps running those big budget deficits, any solution means either higher interest rates or higher inflation, and probably both. Both are bad for stock prices. The open quarrel with the Germans last month over interest rates seems to have been the trigger of the market's crash.

That is why the United States has to get its deficit down. And that is why it has to be done both quickly and firmly.

— THE WASHINGTON POST.

Other Comment

A Wan Irresolution

The crucial story in America this week has nothing to do with summits and everything to do with the failure of American politicians to cast eyes beyond increasingly narrow domestic horizons.

Last week a series of crashes unhooked world stock markets and raised the specter of recession. Something had to be done. Mr. Reagan weakened or tax rises. Congressional leaders were summoned to high meetings. The news, at last, was that the crippling budget deficit would be brought under control. And this week? Wall Street has steadied a trifle. Panic is allegedly receding. And the budget deficit talk is getting nowhere, perambulating more and more fruitlessly down the pinnowed path from \$50 billion to \$25 billion to \$8 billion, with all manner of sacred cows — defense among them — suddenly declared. There is, at this point, no sign that Congress and the administration understand how vital their task is — for us and for them.

There is, increasingly, a wan irresolution, drifting toward the date in November when the Gramm-Rudman formula will automatically make too small cuts, too late. Everyone on the outside peering in knows what has to

be done. But no one on the inside responds. That may merely be the way of modern American politics: institutionalized conflict abroad, institutionalized inertia at home. But it is also a terrible way to run a superpower.

— The Guardian (London).

Murdered in El Salvador

The killing of Herbert Anaya Saaibia, the head of El Salvador's nongovernmental Commission on Human Rights, offers jolting testimony to how fragile the hopes for peace and order are in that Central American country. The notion that Nicaragua alone must reform is a cruel lie. Mr. Anaya was the seventh official of the commission to die or disappear in the last seven years. His death offers neither compelling and ironic testimony of how much his criticisms reflected the truth about the persistence of death squads.

If the Arias peace plan is to have a chance at lowering the level of violence in Central America, it cannot be one-sided. Righting death squads may not trouble Washington as much as the Sandinists, but they are an inescapable threat to peace. The democratization of El Salvador remains a goal only imperfectly addressed thus far.

— The Detroit Free Press.

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The Imbalances Are Everybody's Business

By Robert J. Samuelson

WASHINGTON — It was predictable: Once the stock market crashed, Congress and the White House would try to make a new deal on the budget. In the 1980s, popular thinking about economics has degenerated into a theory of original sin. All evil flows from big budget deficits. Presto: The crisis would end if the sinners repented and reduced those immoral budget deficits.

Alas, the solution isn't so simple. We live in an era of global economics and local politics. Nervous stock markets reflect more than exasperation with Washington's perpetual budget paralysis. There is a more basic fear that the world economy is slowly grinding to a halt.

Even with deep deficit cuts, the United States alone cannot dispel that fear. A vibrant world economy does not depend only on America. The question is whether the other economic powers — America, Japan and West Germany — can overcome parochial political pressures to adopt policies that achieve solid global expansion.

Everyone knows the basic problem and the rough outlines of what ought to be done. The United States has been promoting growth in the rest of the world by running massive trade deficits, while other countries have been accumulating vast surpluses. This pattern could not continue indefinitely. West Germany, Japan and other countries should now grow faster, while the United States should reduce its trade and budget deficits.

But these needs collide with politics. Each country responds to its own prejudices, customs and vested interests. The U.S. budget stalemate has lasted five years. Although West German inflation is nonexistent, Germans cite inflation fears in resisting American pleas for higher growth. In Japan, protection for farmers impedes growth by keeping food prices too high and reducing consumers' purchasing power.

Blaming U.S. budget deficits for all the world's economic problems is simplistic. But, strangely, it is reassuring to both Americans and foreigners.

Americans feel uneasy with concepts like economic interdependence. They want to be in control. Blaming the stock market crash on the budget deficits makes the crisis understandable and manageable. The necessary responses — raising taxes or cutting popular programs — may be unpleasant, but at least they are clear-cut.

For foreigners, focusing on the U.S. budget deficits absolves them from any responsibility for the world's economic troubles.

Foreigners sneer at the recklessness of American spending and the resulting trade deficit. Much of this criticism is dangerous. Europe's export surplus to the United States has prevented the Continent's stagnation from getting worse; its unemployment has exceeded 10 percent since 1983. For Asian countries, selling into the American market has been a mainstay of the region's boom. In 1986 both Japan and South Korea sent 39 percent of their exports to the United States.

More than being hypocritical, though, these explanations obscure the true causes of the huge U.S. trade deficit and other nations' surpluses.

them. The United States cannot singlehandedly solve the world's economic problems.

Suppose it lowers its budget deficits. That might slow the U.S. economy and its ravenous appetite for imports. The trade deficit might drop. But in isolation that would only hurt economies in Europe and Asia that have become dependent on American markets. In turn, their recession might boomerang on the United States. The Third World debt crisis would worsen, because debtors could not earn dollars to service their loans.

Can Americans then ignore its budget and trade deficits? Sorry, that is not a choice, either. Inevitably, foreign investors have tired of absorbing rising amounts of dollar securities into their portfolios. Consider Japanese insurance companies, which have been heavy dollar investors. They pay all policy holders in yen. They cannot prudently put all their investments in dollars. The dollar's high exchange rate could not last. It had to depreciate, as it did again during the past week. Ignoring the trade deficit would separate the depreciation, risking higher U.S. inflation and foreign recessions. U.S. imports would become more expensive, other countries' exports less competitive.

The danger is a gridlocked global economy. The easiest escape from this impasse lies in faster growth abroad. Other countries would offset their loss of exports to the U.S. market, stimulate demand for American exports and ease pressure on the dollar. Will we get that faster growth?

It is easy to see an unhappy future of political paralysis and poor growth. Europe is content with its sluggish prosperity, placing its unemployed with generous welfare benefits. Japan's energies have focused on exports; the need for "consensus" makes change difficult. Most developing countries are politically unstable or overloaded with debt. They cannot help the world economy.

Since the late 1960s, global growth has generally slowed. The great propellants of postwar expansion in Europe and Japan — rebuilding, catching up with U.S. technology and moving millions of small farmers into industrial jobs — are gone.

Of course, there's a more optimistic view. The panic on the world's stock markets is, it is said, precisely the catalyst needed to frightened governments into constructive change. Adversity makes people more conscious of choices and more willing to decide among lesser evils. Even now, there are some signs that a broad global accommodation could emerge. While Congress and the White House bargained last week over the U.S. budget, West Germany's president suggested that Europe might embark on a "sensible growth policy."

The world's stock markets have tentatively re-assessed their opinion. Stocks have declined because investors have grown increasingly pessimistic about solutions to these problems. What is at issue is one of the great conflicts of our time: the collision between sovereign states and stateless economic forces. No one can say how this economic and political drama will end, but the theme is clear. Interdependence is more than a cliché.

The Washington Post.

Gorbachev Has Reason To Worry

By William Pfaff

PARIS — It is not wholly fanciful to think of Mikhail Gorbachev as the Kerensky of a new Russian revolution. If, of course, there were to be a new Russian revolution, it is by no means impossible.

His speech on Monday at the observance in Moscow of the 70th anniversary of the October Revolution was that of a reformer caught between the intransigents of reaction and the new men who want change and want it quickly — men like Boris Yeltsin, Moscow Communist Party chief, who had to be rebuked for challenging Mr. Gorbachev's leadership and demanding faster change.

Mr. Gorbachev tries to appear both sides, which is impossible. He tries to buy time in which to maneuver around those who resist the changes he wants to make in Soviet society. Crane Brinton of Harvard, author of a classic prewar study, "The Anatomy of Revolution," wrote of the moderns' plight that "after each crisis the victors tend to split into a more conservative wing holding power and a more radicalized one in opposition." Thus the moderates' base of power steadily narrows and the number of those in opposition increases.

It is a post-revolutionary condition, tending to end in radical seizure of dictatorial power, but it is also a pre-revolutionary phenomenon leading to the revolution itself.

Alexander Fedorovich Kerensky was a lawyer and political activist who played a leading role in the Provisional Government established in Petrograd (now Leningrad) after the military mutinies and political uprisings which caused the abdication of the czar in February 1917. This government proclaimed civil liberties and generous reforms, but also, fatefully, tried to go on waging the world war.

Kerensky served first as war minister and then as prime minister, but as prime minister he was forced into steadily greater dependence on the Bolsheviks left against conservative and counterrevolutionary forces. This ended in the Bolshevik coup d'état in October 1917, and in Kerensky's defeat and exile.

The Soviet Union today certainly is not in a condition like that of czarist Russia in 1917. It experiences no external hammering like what the Russian people underwent in World War I and in their humiliating defeat by Japan in 1904. Nonetheless the future of the Soviet system is far from solid. Mr. Gorbachev's urgency in demanding reform is fully justified.

The late Professor Brinton listed the following, among others, as pre-revolutionary conditions:

Inefficient and incompetent government, with major internal stresses. An energetic, innovative, and productive part of society which feels it thwarted, checked by the existing system, unable to fulfill itself and its plans, wrung by the system. A conviction among creative people that important careers no longer open to them. Thus a "desertion of the intellectuals" — an abandoned commitment to the system on the part of its most creative members.

Finally, there is a loss of confidence among the rulers themselves, a growing doubt that they are able to cope with what is happening.

Soviet Russia has in recent years increasingly resembled the Russia of 1916-1917 in every one of those respects. On the other hand, there are fundamental differences. The living standards of the masses of Soviet people have steadily improved (although these will dip, if Mr. Gorbachev's economic reforms are put into practice). The international situation is improving. Elites still see the ruling party as the only possible vehicle for change, and they work inside it, not outside. People are fearful of change. There is no popular sense of things ending, or anticipation of dramatic change.

It is the ruling group in the Soviet Union which is driven by a sense of impending crisis. The usual pattern is reversed. It is the leadership which demands vast changes, and believes that without them the country's condition will rapidly deteriorate. Ordinary people, the bureaucracies of government and industry, by and large are complacent and obstructive reform.

Professor Brinton added, dryly, that even when a society's condition is stagnant or in decline, and elites begin to sense that something is going to break, they still "never seem to expect revolution for themselves, but only for their children." It always comes suddenly, as a surprise, after the reformers have failed — or when they have run out of time.

International Herald Tribune.

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100, 75 AND 50 YEARS AGO

1887: A Step to the West

PARIS — [A Herald editorial says:] If the result that the United States has acquired a coal station on the Sandwich Islands is true, it is a step in the right direction. Such is the geographical situation of Honolulu that it must always be a half-way station for all steamers going or coming between San Francisco and the Asian and Oceanian ports. The acquisition must be another significant step.

Big farms and big machinery make it tough for a young man to enter farming. Eighty years ago all he needed was a team of horses, a few tools and \$200 or so. He went up the farming ladder — laborer to renter to part owner to full owner. To get into farming now takes at least \$100,000 even if the land is rented, the money borrowed and machinery bought second-hand. The young farmer is going to have to borrow, rent or get a part-time off-farm job to survive.

Don Mushi

GORBACHEV'S ANNIVERSARY SPEECH: Analysts and Soviet Allies Find Something for Nearly Everybody

Pushing the Limits of Change

Glasnost Runs Into a Reluctant, and Still Powerful, Party

By Philip Taubman
New York Times Service

MOSCOW — Mikhail S. Gorbachev's stated vision of a more open and democratic Soviet Union has emerged from two tests in recent days somewhat battered by the realities of the Communist system.

The two tests — Mr. Gorbachev's review of Soviet history on Monday and the earlier handling of Boris N. Yeltsin's threat to resign as head of the Moscow party organization — have demonstrated the limits of openness and served as a reminder of how different Mr. Gorbachev's concept of democracy is from Western practices.

The clear message has been that the Communist Party retains the power to determine the boundaries of news coverage and public debate, as well as the shape of Soviet history, and intends to exercise it.

Mr. Gorbachev has been unwilling, or unable, to push the limits. The view among most Western diplomats is that, at least in the case of Soviet history, he pressed as far as he could but felt the party was not yet ready to accept a radical new version of its past.

Soviet officials said Mr. Gorbachev, along with other members of the leadership, did not think the Yeltsin affair should be publicized in the Soviet Union because it was an internal party problem.

Mr. Gorbachev's effort to examine prodded pages in Soviet history, presented in a speech marking the 70th anniversary of the Bolshevik Revolution, opened the door on the past after a hiatus of 25 years, but seemed blunted by the party's continued reluctance to acknowledge past problems.

He said Stalin was guilty of "enormous and unforgivable" crimes, and Mr. Gorbachev restored official respectability to Nikita S. Khrushchev, the Soviet lead-

er from 1953 to 1964, and Nikolai I. Bukharin, an associate of Lenin who was executed by Stalin in 1938.

But Mr. Gorbachev did not disclose the full scale of Stalin's excesses and he balanced his criticism with praise for Stalin's contribution to development. He stopped

NEWS ANALYSIS

short of giving Bukharin the full rehabilitation many had hoped for.

Similar caution, and the hand of censorship, has guided the handling of Mr. Yeltsin's resignation threat.

Mr. Yeltsin stunned the party leadership at a Central Committee meeting on Oct. 21 by complaining about the pace of change and by questioning Mr. Gorbachev's leadership, according to Soviet officials.

No information about Mr. Yeltsin's action has been reported yet in the Soviet press.

The two issues coalesced Tuesday when one of Mr. Gorbachev's closest colleagues, Alexander N. Yakovlev, a full member of the Politburo, fielded questions that focused on the Yeltsin affair and Soviet history. When the news conference was broadcast Tuesday evening on the prime-time news, the exchanges on both subjects were deleted.

At the news conference, Mr. Yakovlev said the Yeltsin affair was an internal party matter that did not belong in the public domain.

"If all internal party matters are discussed by one and all, then there will be no sense in having a party," Mr. Yakovlev said. "This, I think, is understood."

Asked why Tass, the official press agency, had reported Saturday about Mr. Yeltsin's resignation threat, but then advised Soviet newspapers not to print the report,

Mr. Yakovlev said: "Why do you use internal Tass statements? We don't use your internal statements."

Looking out into the audience of Soviet and foreign reporters, he added: "Incidentally, Tass, why didn't you publish this? Nobody seems to know why it wasn't published."

A Tass report about the Tuesday news conference included an abbreviated account of Mr. Yakovlev's remarks about Mr. Yeltsin.

Mr. Yakovlev was asked whether Mr. Gorbachev had underestimated the number of victims of Stalin's purges when Mr. Gorbachev said Monday that "many thousands of people inside and outside the party were subjected to wholesale repressive measures."

Some Western historians estimated that millions perished.

Mr. Yakovlev replied: "Why do you think if he said millions he would be speaking more of the truth than if you say thousands? This is your point of view. I know the rumors that persist in the West. I think that many of these rumors lie on the conscience of certain people."

When asked whether there were any plans to publish Khrushchev's 1956 speech denouncing Stalin, which was delivered in secret to the Central Committee but never printed in the Soviet Union, Mr. Yakovlev said the question had not yet been studied.

Just how much the party's version of history will govern the work of historians is unclear, and probably will not be apparent for a number of months.

But in a society where scholarship has long been guided by party views, it seems likely that historians will be cautious about pressing beyond the version of history presented by Mr. Gorbachev.

By John Tagliabue
New York Times Service

WARSAW — Moscow's closest East European allies appear to be applying a selective approach to the message of Mikhail S. Gorbachev's speech on the Bolshevik Revolution, depending on whether their own policies reflect or clash with his campaign for political and economic change.

In Poland, where the government is seeking to push through a program of change on the coattails of Mr. Gorbachev, newspapers extolled Tuesday over the address.

"Socialism, not only in the Soviet Union, is entering a new stage of development," said *Zycie Warszaw*, the Warsaw daily, in a commentary. "The revolution is thrown into second gear."In East Germany, the Communist Party newspaper *Neues Deutschland* published the text of the speech on its front page, but juxtaposed it with a congratulatory message to the new Chinese Communist Party leader, Zhao Ziyang.The accompanying East German reporting lacked any exultant tone. Only last week *Neues Deutschland* was unusually outspoken in attacking Mr. Gorbachev.

represented the first extensive comments by Mr. Sakharov in the mainstream Soviet press.

"I regard this as another demonstration of *glasnost*," Mr. Sakharov said afterward, referring to Mr. Gorbachev's policy of greater openness.

"In his speech, Gorbachev did not tell all the truth that should have been told about the 1930s and 1940s," he added. "Not everything satisfied me. I would have expected, and I hoped for, more."

Mr. Sakharov said he was encouraged by the announcement that a commission would investigate the extent of repression under Stalin.

Poland Hails 'Soviet Springtime' But East Germany Remains Cool

Too Much, Too Fast? Western Analysts Can't Make Up Their Minds

By Barry James
International Herald Tribune

François Heisbourg, director of the International Institute for Strategic Studies in London, also believes that Mr. Gorbachev is having to pull in his horns in the face of domestic opposition.

"A sense of the obstruction that Gorbachev is encountering can be judged by comparing his speech with Khrushchev's Stalin speech," he said. "Admittedly, that was a crude and Gorbachev's was public. However, the fact remains that Khrushchev was precise and far-reaching in his analysis of Stalin's crimes, while Gorbachev was justinately more timid."

Perhaps some experts believe, with too high to begin with.

"We were led by leaks coming out of Moscow to believe that this was going to be a major speech revising Soviet history," said Richard Pipes, a Harvard University historian, who has served as a National Security Council specialist on the Soviet Union. "But I don't see how anyone can interpret it in that way."

Mr. Pipes called the speech "a step backwards in some ways."

Other experts said the airing of painful historical issues on live television was significant in itself.

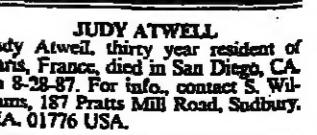
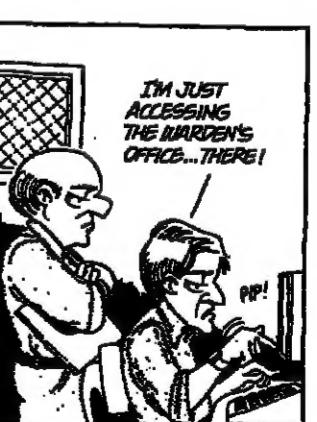
"It was courageous," said William G. Hyland, editor of *Foreign Affairs* magazine in New York. "He obviously opened some old wounds, and that's always dangerous and therefore bold. He didn't have to go that far on a number of historical issues."

"The main thing," Mr. Hyland added, "is that he has rehabilitated Khrushchev. That's different."

Mr. Hyland said the speech supports the view that Soviet foreign policy will become more accomodating. "He is trying to build a historical case for his own program, and he goes out of his way to link his policies with those of Khrushchev and Lenin," he said.

"It's an enormously important speech, a major political development, and to dismiss it because it was not a full exposé of the past is to miss the point," said Stephen F. Cohen, a political scientist at Princeton University. "Historical truth isn't the issue. The issue is the great political struggle under way in the Soviet Union."

DOONESBURY



JUDY ATWELL

Judy Atwell, forty year resident of

Palo Alto, California, died on

on 8-25-87. For info contact S. Williams,

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Too Fast? Analysts Can't Keep Their Minds

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Perhaps, some experts believe, expectations were too high to begin with.

"We were led by leads out of Moscow to believe that he was going to be a major player in revising Soviet history," said Edward S. Pipes, a Harvard University historian, who has served as a special consultant to the National Security Council staff on the Soviet Union. "But I see how anyone can interpret that way."

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Other experts said the speech's painful historical issues on Soviet vision was significant in itself.

"It was courageous," said William G. Hyland, editor of Foreign Affairs magazine in New York. "He obviously opened some wounds, and that's always dangerous and therefore bold. He's going to go that far on a range of historical issues."

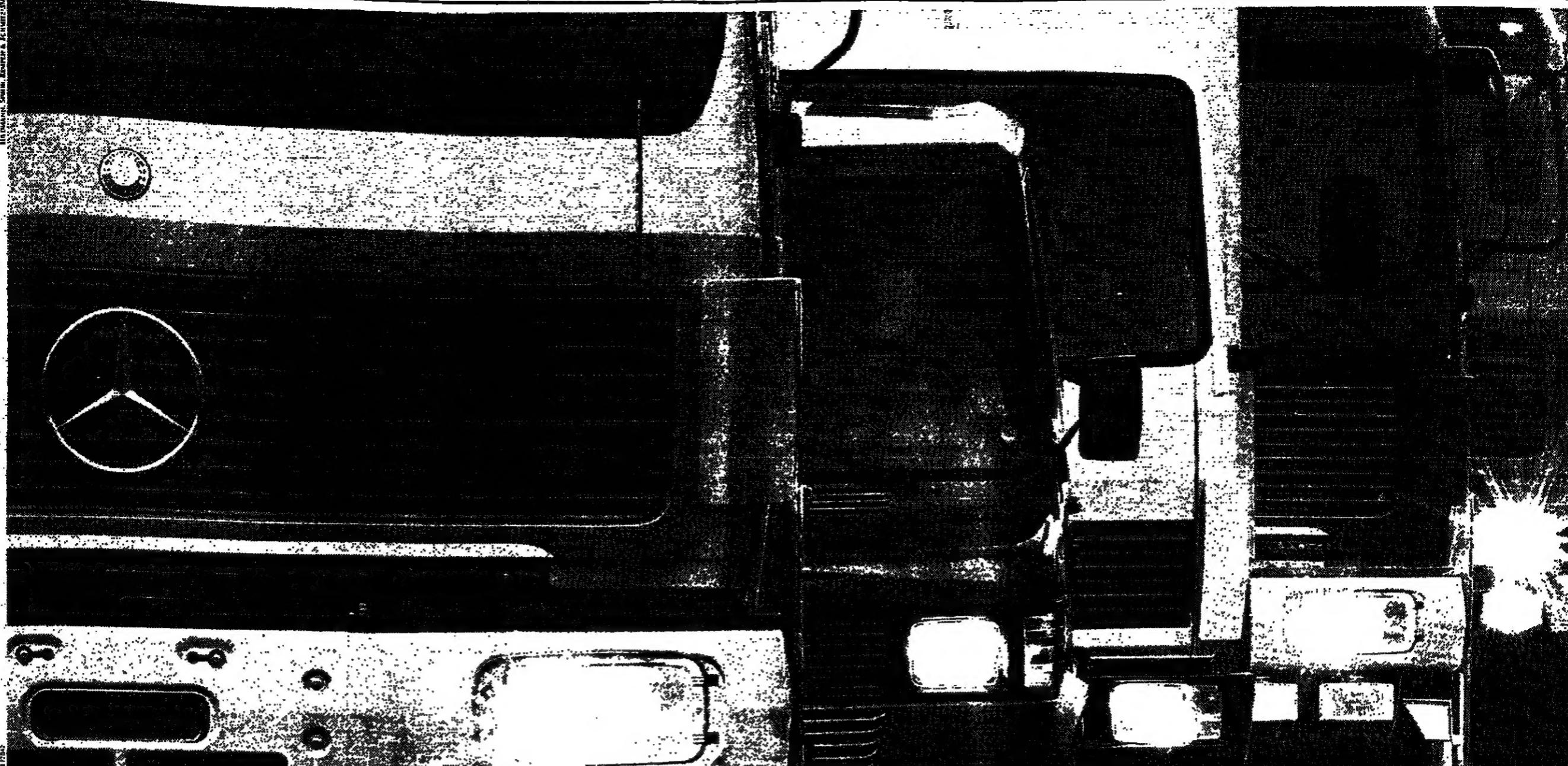
"The main thing," Mr. Heisbourg added, "is that he has rebuked Khrushchev. That's different."

Mr. Hyland said the speech supports the view that Soviet policy will become more and more conservative.

Mr. Hyland said, "He is trying to make a historical case for his own policy and he goes out of his way to align his policies with those of Khrushchev and Lenin," he said.

"It's an enormous speech, a major political statement, and to claim that it was not a full expression to miss the point," said Robert Cohen, a political scientist at Princeton University. "The truth isn't always the same. The great political struggle is in the Soviet Union."

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90 Days Into Peace Pact, Central America Strife Appears to Be Widening

By Julia Preston
Washington Post Service

MANAGUA — As a peace accord begins to take effect Thursday in five Central American nations, the guns of war are sounding more loudly in the region than they did three months ago when the pact was signed, according to politicians and diplomats.

In the 90 days between Aug. 7, when the presidents of the five nations agreed in Guatemala, and Nov. 5, the first deadline of the accord, there has been a torrent of activity by governments in the region seeking to meet its terms requiring cease-fire, amnesty, political dialogue, nonintervention and democratic reforms.

But already many initiatives have done more to delineate than to close differences between governments and the armed rebels arrayed against them, or between sharply opposed governments, according to regional observers.

As the plan evolved, its Nov. 5 deadline went from being the last day for the five governments to comply with the accord to being the first. The foreign ministers of the region argued during their meeting last week in Costa Rica that it would be premature to assess any government's progress at this time.

The presidents of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua now agree that they must complete their efforts toward compliance and face a more definitive collective judgment when they reconvene in another meeting sometime after Jan. 14.

As of now, the consensus among observers in the region is that the accord is very much alive, and very troubled. President Oscar Arias Sanchez of Costa Rica, the main architect of the plan, said last week that it was at an "impasse."

A weakness is that two of the key actors who can make or break the pact never signed it: the Reagan

administration and the U.S. Congress.

If the U.S. Congress accepts the administration's proposal for up to \$270 million in aid to the Nicaraguan rebels, the war in Nicaragua will escalate and the leftist Sandinist government has said it will feel forced to reject further compliance no matter what the other nations decide.

If the five presidents eventually deem the pact to be working, Democrats in the Congress will be in a strong position to reject new aid for the rebels who are known as contras. The contras' conflict in the region will gradually wind down, leaving the Sandinists in power.

Since Aug. 7 there have been no fundamental changes in the underlying conflicts in three nations: Nicaragua, El Salvador and Guatemala. In Nicaragua, an estimated 9,000 contras object to the Sandinista National Liberation Front's pervasive political control, collectivist economic policies and tilt toward the Socialist bloc.

The Sandinists, more passionately than ever, reject the contras as U.S.-salaried mercenaries whose only goal is to recover properties and powers they lost in the 1979 revolution.

In El Salvador, President Jose Napoleón Duarte remains hamstrung by a hard-line military to his right and about 6,000 guerrillas to his left whose basic demands have not changed in three years.

In Guatemala the poverty of the majority Indian population and ongoing rightist death-squad murders have brought new recruits to a decades-old movement of about 2,000 Marxist guerrillas who in the mid-1980s were close to extinction.

A crucial issue now emerging is whether any leader or organization in the region will have enough authority and access to give an unequivocal evaluation of compliance all sides will accept.



KOCH PRAISES 'PEACEMAKER' — Mayor Edward L. Koch of New York praised President José Napoleón Duarte of El Salvador, right, as a peacemaker Tuesday and assailed leftist rebels for seeking power "simply by

virtue of the fact they have arms." He is touring Central America as an unofficial observer of the Arias peace plan and was flown to San Salvador after rebels threatened traffic on the road between the capital and the airport.

4 Are Charged in U.S. With Smuggling Lasers

The Associated Press

WASHINGTON — Two Japanese businessmen and two Hungarian diplomats have been indicted on charges of smuggling high-technology laser equipment from the United States to Hungary.

The 15-count indictment, which was handed down Tuesday by a federal grand jury in Asheville, North Carolina, capped a three-year investigation by federal authorities into the diversion of U.S. high-technology equipment to the Soviet bloc.

The Japanese and the Hungarians are accused of smuggling an American-made laser trimming system from the United States through Japan to Hungary.

The two Japanese charged were Yoshiro Fujimura and Keisuke Katsumi and their company, the Kuriyama Trading Co. of Tokyo. The two Hungarian diplomats were Istvan Rona and Clara Uitz, who were based in Tokyo at the time of

the technology transfer, which the indictment said took place from May 1982 through November 1983.

None of the four have been arrested, and their whereabouts are not known, a Commerce Department spokesman said.

Paul Freedman, acting commerce undersecretary for export administration, said the laser trimmer was a key component in the production of semiconductors.

According to the indictment, the two Hungarians arranged for two Japanese to purchase the laser trimmer in the United States through a North Carolina businessman, Charles Moyer, who has been arrested and has pleaded guilty in connection with the affair. The indictment said Mr. Katsumi then arranged to have the system exported to Japan.

After being shipped to Tokyo, the laser system was smuggled from Japan to Budapest in the household effects of Mr. Rona.

Brazil Confronts AIDS-Related Threat: The Urge to Spread It

By Bradley Graham
Washington Post Service

CAMPINAS, Brazil — Late one

Friday afternoon last month, a 31-

year-old man with AIDS visited a

local treatment center feeling de-

pressed.

He had murder on his mind. Lonely and distraught, he had been

planning a sexual binge to spread

the fatal acquired immunodeficiency syndrome widely through

Campinas, a city of 350,000 about

an hour's drive north of São Paulo.

Dr. Silvia Bellucci, an immunolo-

gist at the center, recognized the

man's urge. She had seen the same

impulse numerous times before in

other AIDS victims, this macabre

wish to pass the virus to unsuspect-

ing others.

She also knew the visitor from

his attendance at group therapy

sessions. He is a systems analyst at

a data-processing firm, and the fa-
ther of two daughters. Three years
ago, he began having homosexual
relations and contracted AIDS.

Soothingly, Dr. Bellucci com-
forted the would-be murderer and de-
rived him back to his senses.

"He sat right here on the couch,"
the doctor recalled during an in-
terview in her outer office. "It was his
birthday and he said he was feeling
sad and anxious. No one had done
anything to celebrate the day."

"He started crying and said he
had been thinking of going out and
spreading AIDS to at least 50 peo-
ple. I cried with him, and then we
talked for an hour and a half until
he calmed down."

Second to the United States in
the number of reported AIDS

cases, Brazil is now confronting the

threat of willful transmission of the

disease. Medical experts here say

the desire to spread the virus occurs
in victims elsewhere but seems to
have received more widespread
publicity in Brazil.

Simply identifying the sufferers
of AIDS and easing the physical
pain of their final days is said to be
insufficient both for the victims
and for everyone else's protection.

The illness demands psychological
care.

But in developing countries like
Brazil, already hard-pressed to pro-
vide even basic medical services,
the complications and traumas of
AIDS go largely untreated.

In one previously unpublicized
case in September, according to the
center where Dr. Bellucci works, a

29-year-old drug addict who knew

he was close to dying of AIDS gave

a party in Campinas.

Without confessing his condi-

tion, he passed around a syringe of

cocaine diluted with his own infec-

ted blood, exposing about 20 peo-

ple, ranging in age from 15 to 25, to

the risk of contamination. They are

now being seen at the center.

In the southern city of Florianópolis, residents have been panicked

for two weeks over a police report
of a purported pact among a small
group of drug addicts to spread

AIDS. An 18-year-old girl caught

stealing furniture from an apart-

ment building where she lived told

authorities of the alleged plot. She

identified a married couple infect-

ed with the virus as the ringleaders.

They were said to have hosted

parties at which they mixed their

blood with cocaine and used a sin-

gle syringe to inject it into others.

The accused have denied schem-
ing to spread AIDS. As authorities

try to establish the truth, Brazilian

newspapers say Florianópolis is

swirling with rumors that up to

several hundred people may have

fallen prey to the alleged plotters

and that schoolchildren were fed

contaminated chocolates by the

group. The virus is not transmitted

through food.

Behind the urge to inflict AIDS
on others has a combination of sa-
distic and masochistic impulses,
doctors say. Resentment against
society merges with loneliness, de-
spair and disgust with oneself.

"It is a mix of wishes to contami-
nate others and, as a kind of self-
punishment, to be re-contaminated,"
said Margo Mair Marques, a

psychologist who treats AIDS vic-
tims in Campinas.

"It is usually a phase," she said,
"part of the ups and downs of com-
ing to terms with the disease."

Often, the impulse is not explicit-
ly articulated but exists subcon-
sciously. "Some victims knowing
they have AIDS keep behaving as if
they were not infected," she said.
"Others say they are not worrying
about the consequences of their
actions. They say they couldn't care
less about passing on the disease.
That's really a kind of masking of
the intention to infect others."

Public insensitivity to those with
AIDS has aggravated the problem,
according to medical experts.
Along with a growing awareness in

Brazil this year of the dangers of
AIDS, there have been reports of
infected persons being expelled from
jobs, run out of towns or

hunted down by the police. Recently,
health officials ordered clinics to

start reporting the names of anyone
who has tested positive for AIDS

antibodies.

Such measures are said to drive
victims of the illness deeper into
depression, or to give rise to anger.
Some victims choose suicide. In

São Paulo, where the majority of
the known AIDS cases in Brazil are

concentrated, 60 AIDS victims

killed themselves in the first six

months of this year, according to

statistics kept by a medical law

institute.

Dr. Bellucci, who has been work-

ing with AIDS patients since Bra-
zil's first cases surfaced in 1982,

says it is usually a phase, "part of the ups and downs of coming to terms with the disease."

■ **Concern in San Francisco**
AIDS tests will be urged for
about 30,000 former patients who
received blood at three hospitals in
the San Francisco area from 1977
to March 1985, United Press Interna-

tional reported from San Francisco.

It has been estimated that up to 1
percent of blood supplies provided
to Kaiser health-plan hospitals
during that period were contaminated
with the AIDS virus. The hospitals are in San Francisco, San
Rafael and Vallejo.

Lebanon Guerrillas Kill
A Member of Militia

Reuters

KIRYAT SHEMONA, Israel — A mem-

ber of the Israeli-backed South Lebanon Army militia was

killed and four others were wounded

in a clash with Iranian-backed

Hezbollah guerrillas in Lebanon

overnight Tuesday, security offi-

cials said Wednesday.

Three other South Lebanon

Army fighters were wounded by

mines planted by guerrillas, offi-

cials said.

The reason for the current

lack of the office market in Paris and the building boom in the Western suburbs

is the French government's

realization of losses of develop-

ment permit or "agreement"

agreements, which altered the

balance of supply and demand.

Former speculative develop-

ments were not allowed to build

more than 1,000 square meters

(1,000 square yards) of office

space without the permission

the technology transfer, which
agreement said took place
in May 1982 through November.
None of the four have been
arrested, and their whereabouts
are not known, a Commerce
Department spokesman said.
Paul Freedenberg, a Commerce
Department undersecretary for
international trade, said the laser
was a key component in the
production of semiconductors.

According to the indictment,
two Hungarians arranged
for two Japanese to purchase a
laser in a United States
company, Charles Moyer, who
was arrested and has pleaded
guilty. A connection with the
laser was made by Mr. Kassai,
who arranged to have the system
shipped to Japan. After being shipped
to Japan, the laser system was shipped
to Budapest in the
effects of Mr. Roma.

spread It

ing with AIDS patients
of AIDS first cases surfaced
to combat what the
"AIDS ghost," an other
of the fatal disease.

Concern in San Fran
AIDS test will be
about 30,000 former patients
received blood at the last
in the San Francisco area
to March 1985. United
national reported from
cisco.

It has been estimated that
percent of blood supplies
to the Kaiser health plan
during that period were
infected with the AIDS virus.
hospitals in San Fran
Rafael and Valley.

Lebanon Guerrilla
A Member of UN

KIRYAT SHMONA
A member of the
South Lebanon Army
killed and four others
in a clash with
Hezbollah guerrillas
overnight Tuesday, officials said.
Wednesday.

Three other South
Lebanon fighters were
killed and four others
injured in the
attack.

zambique Kill

strongest expansion
that it has experienced.
But the government
protests cut no ice.
Tutu said: "Deeper
matters are more radical
capable of causing
African governments
sensitivity for the
that country."

Delhi.
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ADVERTISING SECTION

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FRENCH COMMERCIAL REAL ESTATE

After a decade of tight space and high rents, the office market in the French capital is finally reaching an equilibrium. Excellent public transport has made a network of new towns and nearby suburbs more attractive to business. Not to be left behind, dynamic cities in the provinces are offering an array of science, business and high-tech parks.

IN recent years the French government has made determined efforts to decentralize. The French capital, nevertheless, continues to win hands down on office rentals. With half of the office stock of the country, 70 percent of the insurance companies, 95 percent of French bank headquarters and the quasi-totality of the headquarters of multinational companies, Paris remains irresistible. Says Jonathan Driscoll of Féau Hampton Enterprises: "A lot of people will be moving out to the suburbs but I don't think it will be all that difficult to replace them."

Of course the city has its disadvantages — pollution, parking problems, insufficient office space. Still, in response to a survey last June for the Club de l'Immobilier, 60 percent of the people working on the rue de la Boëtie in the heart of the 8th arrondissement said they "could not possibly envisage moving away from their present quarters."

Liberalization

The reason for the current healthy state of the office market in Paris and the building boom in the Western suburbs was the French government's liberalization in 1985 of development permit or "permis" regulations, which altered the balance of supply and demand. Formerly speculative developers were not allowed to build more than 1,000 square meters (1,200 square yards) of office space without the permission of DATAR, the French industrial development agency.

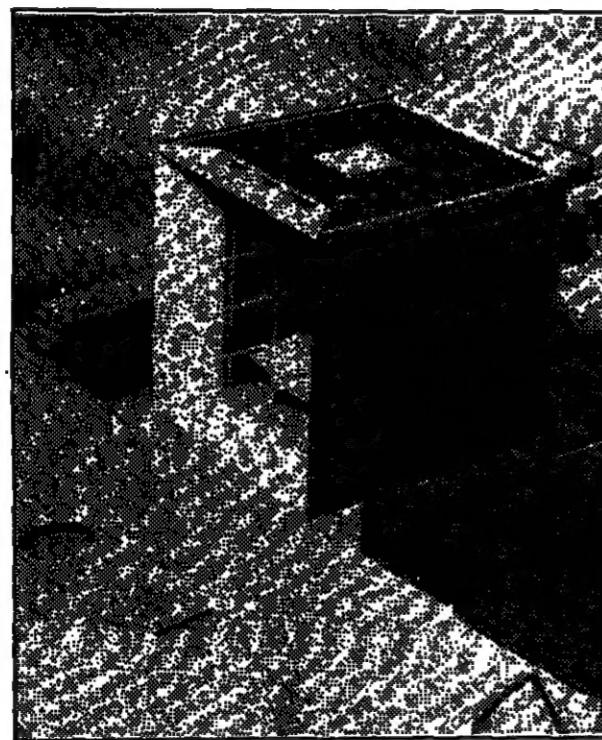
"As soon as the requirements were waived, developers began building as rapidly as possible. It was a revolution," says Jean-Claude Bourdais, head of Bourdais Consultants. "Within two years investors had bought 2 million square meters."

Between 1984 and 1986 "speculation and a buildup of demand for central Paris space pushed up rents dramatically," says Robert Lipscomb, partner at Healey and Baker. Real estate professionals now foresee a return to equilibrium with a slowdown in rental increases, depending on the move to the suburbs by large companies and the relaxation of planning obligations in the city center.

The open market has created a stimulus for developers and investors — and at the same time a nagging fear that builders may have gone too far

OFFICE VALUES IN WESTERN PARIS SUBURBS
January 1987

Suburbs	Rent per m ²
Neuilly	1,700/2,200 FF.
Levallois-Perret	1,000/1,400 FF.
Boulogne	1,000/1,500 FF.
Issy-les-Moulineaux	800/1,100 FF.
Nanterre	750/1,250 FF.
Rueil-Malmaison	650/950 FF.
Clichy	700/950 FF.
Montrouge	750/1,000 FF.
Suresnes	700/1,100 FF.
Saint-Cloud	700/1,000 FF.
La Défense-Courbevoie	
Puteaux	1,200/1,900 FF.



Le Cube de La Défense: the symbol of suburban expansion.

difference between a vague renovation and an entirely renovated building with all the modern conveniences."

The Move Out

Paris is attractive — but it doesn't always fit the needs of companies wishing to regroup or expand. As the cost of office space in the inner city rises, both French and foreign companies are getting acquainted with suburbs to the West and the South as well as the five new towns of Envy, Melun-Senart, Marne-la-Vallée, Saint-Quentin-en-Yvelines and Cergy-Pontoise.

Says one real estate adviser: "The situation now is just the opposite of what it has been over the past few years. In the 1970s the demand was for the center of Paris and the center of the regional capitals. Now high tech parks have come of age around cities and while there is not exactly a mass move away from Paris, companies setting up in France are now more willing to consider locations farther away than the prized 'Golden Triangle'."

La Défense

The move toward the suburbs began in the 1970s, first with a shift toward Neuilly and then across the bridge to La Défense, an office complex created on the doorstep of Paris in the late 1950s by the central government as an alternative to the Paris office squeeze. Although the complex had its ups and downs,

particularly after the oil crisis in 1974, it is now "95 percent" finished according to officials at the Etablissement Public pour l'Aménagement de la Défense (EPAD), the public body in charge of planning at La Défense, which qualifies the project as a "total success," says Clive Llewellyn, president of Féau Enterprises:

"I think the turnaround at La Défense was one of the major success stories of the past few years. It came from being a white elephant disaster and totally untenable to a highly successful operation."

Comments Paul Raingold, managing director of Générale

dollars as a turnkey operation from the SAEM Tete Défense, a semi-public body, La Colline Nord forms part of the prestigious La Tete Défense complex, best known for its empty marble cube with 110-meter-long sides designed by the late Danish architect Jøn Otto von Spreckelsen. The walls of the Grande Arche will house 35 floors of offices for 5,000 employees. Cassandras say the building spree will lead to a glut. Most professionals, however, say that the building in the sub-

urbs would never have been launched without the success of La Défense."

Between two million and three million square meters of offices are being planned in the Western suburbs of Levallois, Puteaux et Courbevoie for 1992 — compared to only 550,000 square meters of new office buildings within Paris. Cassandras say the building spree will lead to a glut. Most professionals, however, say that the building in the sub-

(Continued on Page 10)

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25 offices in France - Subsidiary in New York

French Commercial Real Estate (Continued from Page 9)

ubs will simply lead to more choice. Says Clive Llewellyn of Féau Hampton Enterprises: "The question of overproduction in the Western suburbs is one of quality not quantity. It is probably the older, less well-located buildings which will suffer most, not those just going up. But we are definitely moving toward a situation where there is a choice in the Western suburbs."

High Tech

The suburbs of Paris have lent themselves admirably to the development of high tech parks. CGI, the leader in France of rental parks, has 27 of these centers in France, 22

of which are located around the Paris area. One of the most important of these areas is the Cité Scientifique Paris Sud, where the company has 700,000 square meters of high-tech buildings. This area, situated between the new towns of Saint-Quentin-en-Yvelines and Evry, is home to

8,000 high-tech enterprises, including Thomson, Matra, IBM, the CGE, and Alcatel. Besides Saint-Quentin-en-Yvelines to the west, which has attracted the headquarters of the French construction giant, Bouygues, and Electronic Serge Dassault, the four other new towns of Evry, Marne-la-Vallée, Melun-Sénart and Cergy-Pontoise, have also acted as attractive poles for companies wishing either to regroup or to pay rents which are sometimes as low as 500 francs per square meter. The extension of the RER and the construction of the "Francilienne," a highway network which will link all the new towns in the next few years, has given an addi-

tion to the activity of the expanding new towns. Once companies have made the move out of Paris, they often start to expand in earnest. In Evry, where high-tech companies such as Hewlett-Packard and Digital have located, 60 percent of the new jobs created last year were in resident companies compared with 70 percent created by new companies in 1983.

Marne-la-Vallée
Marne-la-Vallée, at only 12 kilometers from Paris, is the closest of all the new towns to the city center. An area of rich farmland some 15 years ago, this rapidly developing area, composed of 15,000 hectares of land spread over 26 communes, has attracted companies such as Bull, whose Training Center at the Cité

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building with 300,000 square meters being planned.

Mame's real claim to fame is Eurodisneyland, "a fantastic calling card," according to Jean-Marie Boyer of EPA-MARNE, the public body in charge of developing Marne-la-Vallée. "The arrival of the RER would have been inconceivable before Disney decided to set up there. And it has brought a lot of private companies out here. The choice of Marne-la-Vallée by Eurodisneyland has really given a notoriety and a certain status to this new town."

Financing

The French have long held a love affair with real estate. However, as direct ownership in residential property has declined over the past decade, legislation was introduced to

create SCPT's (Sociétés civiles de placement immobilier). These companies are set up by banks who wish to offer their clients the opportunity of owning shares in real estate mutual funds for a minimal investment. This formula has proved so successful that, according to a study by Auguste Thouraud, investment in SCPT's has grown from 8.5 percent in 1980 to 14 percent in 1986.

The SCPT's (Sociétés immobilières pour le commerce et l'industrie) are financial companies engaged in the long-term financing of commercial or industrial buildings, either through direct

rental or leasing. SICOMI's provide leasing facilities with a purchase option for the tenant at the end of the contract. In addition, the SICOMI can acquire property for its own account as a permanent investment. In exchange for tax exoneration, the Sicomis have to distribute at least 85 percent of its annual profit to its shareholders.

Interball, a SICOMI created by the Crédit Commercial de France, a Swiss group composed of Winterthur, Intershop Holding, Union de Banques Suisses and a German group, says that the average shareholder is a "family man interested in making a 7 per-

cent annual return on his investment." Total investment in SICOMI's over the past 20 years has amounted to 155 billion francs. Of that, Interball's part is 700 million francs.

"The market will continue to have a strong demand, mainly from service companies and we'll see rents continuing to rise and the capital continuing to attract foreign investors. Hopefully there will be a more fluid market with a relaxation in planning regulations, which will make it easier to reconstruct buildings inside Paris," says Robert Lipscomb of Healey and Baker.

Paris Intramuros

THERE is more to Paris than the "Golden Triangle," an area that extends from Trocadéro to the Porte Maillot and Opéra. The Paris city government has carried out extensive efforts to redevelop the east of Paris — a traditional area for small shopkeepers and crafts-

men which, unlike the west of Paris, has virtually no company headquarters. As a part of the extensive development plan of the area, 300,000 square meters (360,000 square yards) of new offices will be built, excluding the new Ministry of Finance. The American Center, whose traditional

home has been on the Boulevard Raspail since 1931, is currently negotiating with the city for a location within the new Bercy development. "It is true," says Henry Pillsbury of the American Center, "that the Montparnasse of the '80s has now shifted to the area behind the Basille."

Although Montparnasse may no longer be the hotbed of artistic talent that it once was, the 57-story Tour Montparnasse built in the '70s has transformed it into an active office area. The next major development in Montparnasse — probably one of the last in the center of Paris (not counting the 4.5 hectares of land at Dupleix to be sold by the Defense Ministry) — will be a 1.5 billion franc project by the French company GFF. They plan to build a 3-hectare park and office complex over the new station for the TGV Atlantique (train grande vitesse), which will link Paris to Bordeaux in three hours. The complex — the Nord-Pont with 43,000 square meters of

offices and shops and the Sud-Pont with 30,000 square meters of offices and shops — will be linked by pedestrian galleries. The complex will be designed by French architect Jean Willerval.

Developers are also watching the Stock Exchange, where space has become exceedingly tight due to deregulation and the growth of financial service companies.

Some rumors would have a "Financial City" being set up outside Paris. Others expect expansion probably closer to home, in the Garment District, though this would depend on easing local planning restrictions. At any rate, this is one area planners will be turning their attention to in the future. Says Clive Llewellyn of Féau Hampton Enterprises: "I think the space problem in the area of the Stock Exchange is one of the major problems in Paris today."

This Advertising Section was written by Harriet Welty-Rochefort

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What Is the
Business of the
Day?

These days, the economy is less turbulent than it was a decade ago. In the United States, the question of "Intelligent" building is a major issue. In Europe, the question of how to either make an existing building "smarter" or to construct such a building from scratch is very much in the minds of developers and real estate professionals in France.

Recently, the French construction giant Bouygues and IBM announced the creation of a common subsidiary, the "Société de construction et de recherche de bâtiment intelligent." The group's new technologies division is estimated to be worth 100 million francs. The partners of the new company are the two major players in the construction industry: Bouygues and IBM.

Close on the heels of IBM and Bouygues, other groups like Bell and Spac Biangrande also

The Spread of
Eurodisney

Disneyland Paris is set to open in 1992, and the surrounding area is already undergoing significant development. The "Eurodisneyland" area covers approximately 1500 hectares and includes the theme park, a residential complex, and various commercial and industrial developments. The area is located in the Marne-la-Vallée region, approximately 30 kilometers south of Paris. The theme park will feature attractions from around the world, including the "Main Street, U.S.A." area, the "Tomorrowland" area, and the "Fantasyland" area. The residential complex will consist of several apartment complexes and villas, with a total of approximately 10,000 units. The commercial and industrial developments will include office buildings, retail spaces, and restaurants. The area is expected to become a major tourist destination, and the theme park is expected to attract millions of visitors each year.

French businessman Jean-Jacques Lardet works at the U.S. company Black & Decker in the suburb of Dardilly and is regular on the Paris-Lyon TGV — sometimes even taking the train in the morning return to Lyon the same evening. Patrick Geffray, business manager for Monsanto Agriculture Company in Isle d'Abeau, a new town outside of Lyon, travels to Paris two days a week.

The French national railroad company estimates that approximately 9,000 people live in Lardet and Geffray's commutes. The distance from Paris to Lyon is equivalent to going from Los Angeles to San Francisco — is, for most French businessmen, not much.

Hewlett-Packard in Grenoble says that some of its employees make so many trips — on average of 50 return trips in the week — to Paris that the company has set up an in-house travel agency.

While the overwhelming majority of headquarters of multinationals remain in Paris, more and more firms have set up branches in the provinces. Says Jean-Claude Maurel, director of SOPREC, a real estate subsidiary of the Caisse des Dépôts, which owns 300,000 square meters of offices all over France: "Over the past decade improved air and rail service as well as telecommunications have created a market in the provinces which is both spontaneous and voluntary. Many companies, particularly foreign ones, ask to go to the provinces."

According to the magazine "Entreprises et Régions," the office market in the provinces has increased 60 percent over the past two years, from 154,000 square meters of new offices in 1984 to 246,000 square meters last year. Twelve cities — Lyons, Lille, Rennes, Toulouse, Bordeaux, Nancy, Strasbourg, Nice, and Marseille — account for 70 percent of the commercial property activity.

ADVERTISING SECTION

ADVERTISING SECTION

What Is the IQ of your Building?

THESE days, the question is less facetious than it sounds. Thanks to a handful of truly "smart" or "intelligent" buildings in the United States, Japan and Europe, the question of how to either make an already existing building "intelligent" or to conceive such a building from scratch is very much in the minds of developers and real estate professionals in France.

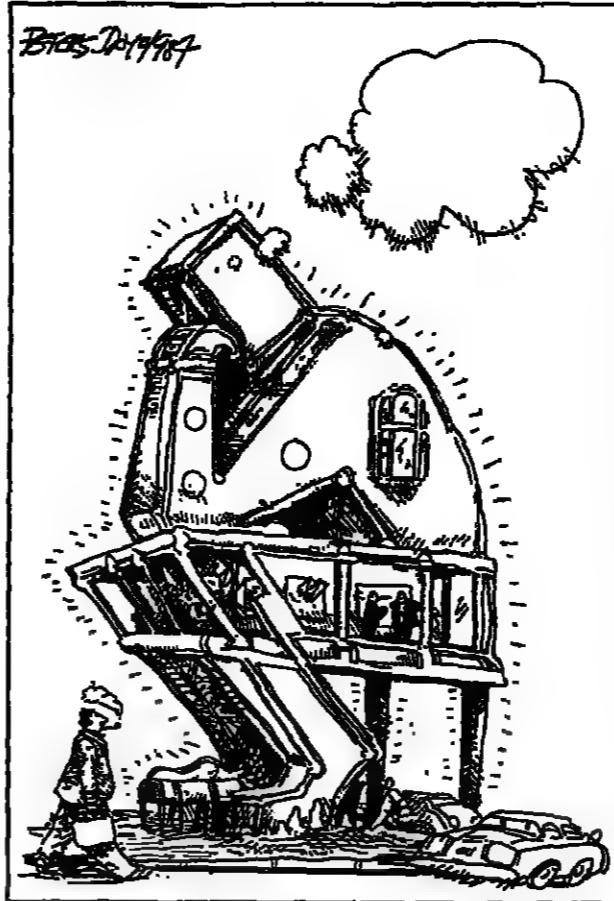
Just recently the French construction giant Bouygues and IBM announced the creation of a common subsidiary whose specialty will be the research and delivery of turnkey smart buildings. Called IBM Technologies, the group's target is an estimated 6 to 7 percent of the 70 million square meters of offices potentially interested in the concept of a smart building.

Close on the heels of IBM and Bouygues, rival groups Bull and Spie Batignolles also

announced they would cooperate on technological innovations in offices, particularly pre-cabling systems. Bull cabling systems will install all the computer equipment in Spie's new headquarters at Cergy-Pontoise.

The definition of a smart building varies slightly from country to country. Generally speaking, though, a smart building is one with state-of-the-art office automation, ventilation and security systems. The ambições of the generation of anonymous skyscrapers, a smart building is a low-rise with plenty of natural light, greenery and possibility for the personnel to meet each other around the various patios and atriums designed as crossways. Generally, the architecture and design of a smart building makes a powerful statement about the company's image.

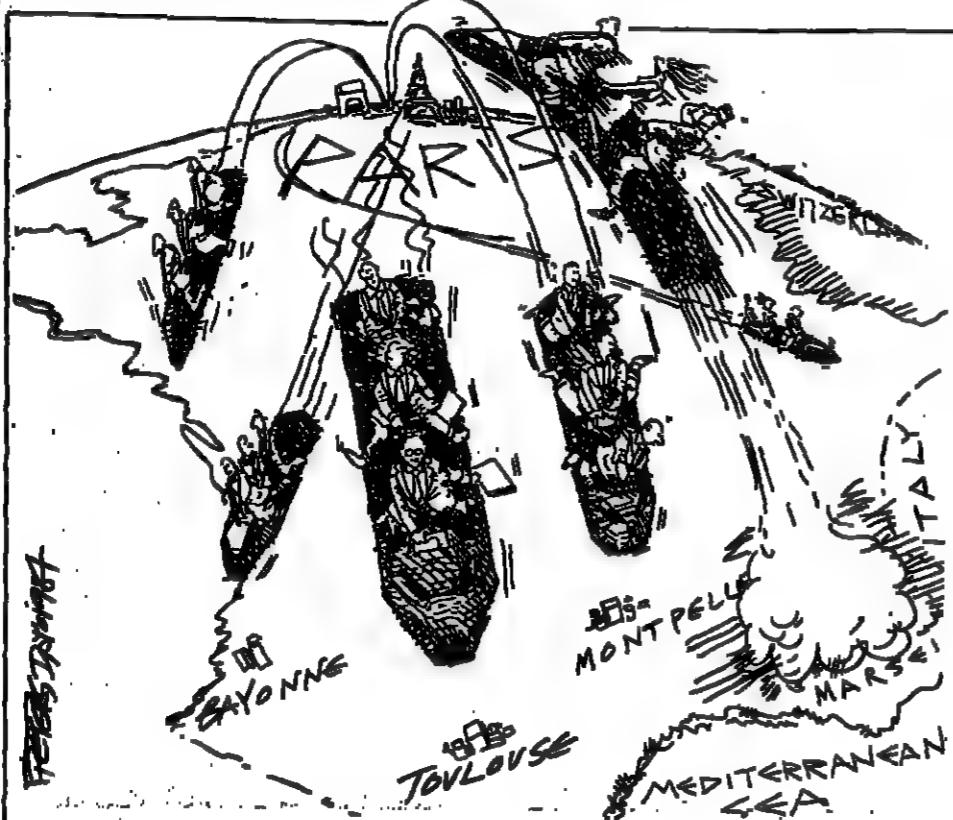
Says Claude Barbier, general manager of Jones, Lang,



Architect Gérard Leroy of KLN says that many buildings are now becoming totally obsolete for high-tech purposes. "Some buildings," he says, "are not being rented because they are just not up to standard." In the future, he says, "users will be asking for buildings which are flexible and adaptable. The ones which are impossible to equip for cabling run the risk of remaining unrented."

In spite of efforts to go even further to meet the technological age, France does not yet have a host of smart buildings. Instead, says Claude Barbier of Jones, Lang, "it has smart buildings with different IQ's." The next challenge for developers will be to make existing buildings smarter and come up with a whole generation of intelligent buildings adapted to the needs of high technology.

The Spread of Shuttle Biz



er, Bull, Hewlett Packard, IBM and Merieux. According to Patrick Verdier of Auguste-Thourouard in Lyon, the market progressed regularly in 1986 with a demand primarily for smaller offices (around 200 meters).

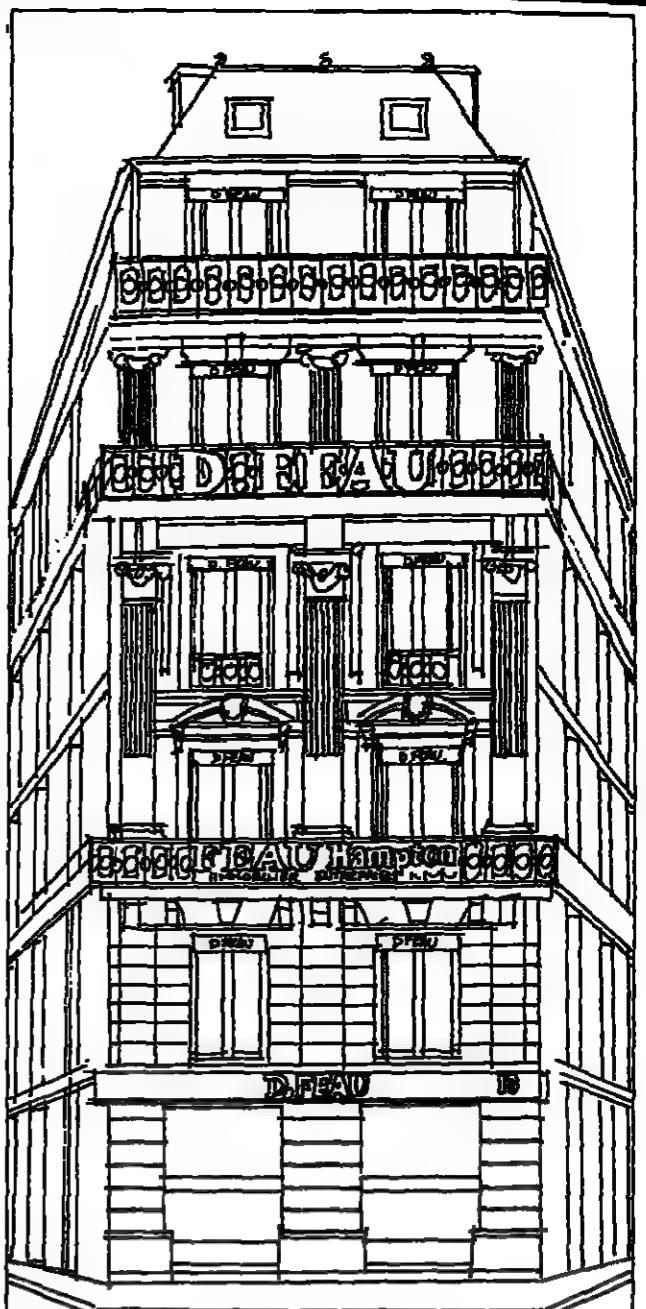
Further south, Toulouse and Montpellier have a foothold on the future. Montpellier, the first city in the world to be equipped on an industrial scale with a fiber optics cable network, has created Montpellier Technopole, which has four main centers of interest: agronomy; new communications; health; and electronics and information processing. Launched by IBM, which settled in Montpellier in 1965, the computer industry and high-tech sectors now account for one third of the city's activities. Says Christian Félix, director of the SOPREC at Montpellier, which has

commercialized the Agropolis scientific park for companies in the agricultural processing sector: "There has been such an acceleration of demand in Montpellier that for the past three years the rate of occupancy of new buildings has been 30,000 square meters a year, half for public building, half for private."

Currently there are 100,000 square meters of offices available for rent or sale in the southwestern metropolis of Toulouse, where the main areas for offices are near the airport of Blagnac, Labège in the southeast and "Companie Caffarelli" in the center of town. Small wonder the me-

town of over half a million people is the home of the European aeronautics industry with Aérospatiale and the Centre National des Études Spatiales as well as foreign firms such as Motorola, ITT, Cannon Electric and Bendix. According to Guy Schlegel of the Chamber of Commerce of Toulouse: "The strong acceleration of new programs corresponds to a very strong demand. From 35,000 to 40,000 square meters of offices are being rented or sold every year."

The market in the provinces is going well," says Jean-Pierre Portefait of Entreprises et Régions. But, he adds, smaller towns such as Angoulême or Angers suffer from low offer and could use "a few brave souls" to launch office buildings. "When the offer disappears the demand doesn't make itself known," he says.

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cial districts of Val Maubuée, or the Enterprise Zone at St-Tribault-des-Vignes, every opportunity is available for setting up and expanding business. And a young and highly-qualified local population makes it easy to find excellent personnel. Marne-la-Vallée is already the choice of companies like DANZAS, CONTROL DATA, BULL, SAMDA, CGE or TRT II - not least because of the care and attention given to the surrounding landscape and pleasant working environment.

Indeed, even the term technopolis is inadequate to describe such an area. Soon heading for 2,000,000 square meters of office space and 650 hectares of industrial estate, set in the heart of 15,000 hectares of woods and lakes, close to residential areas, Marne-la-Vallée is much more than a technopolis: it is a real living city, tailored to the human aspirations and technologies of our modern age.

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annual return on his investment." Total investment in SICOM's over the past 20 years has amounted to 15 billion francs. Of that, he adds, part is "700 million francs."

"The market will continue to have a strong demand mainly from service companies and we'll see rents continuing to rise and the capital increasing to attract larger investors. Hopefully there will be a more fluid market with a reduction in planning regulations, which will make it easier to reconstruct buildings outside Paris," says Robert Lipkowitz of Hines and Lipkowitz.

Developers and clients are in the process of setting up new offices and hope will be linked to general policies. The companies are designed to benefit from Jean Wilkerson.

Developers are also looking to the South. Existing office space has reduced considerably, right down to location and the growth of general service companies. Some firms are still based in "Financial City" around the Paris-Orly airport, though they could expand to Paris or even to the south, though this could depend on certain planning restrictions. In the south, one area of particular interest is the new airport of the future, Charles de Gaulle. Paul Hampton, chairman, thinks the whole process of the new Paris-Orly airport is one of the most promising Paris area.

This Advertising Section was written by
Harriet Weis-Rubin.

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According to the magazine "Entreprises et Régions," the office market in the provinces has increased 60 percent over the past two years, from 153,400 square meters of new offices in 1984 to 246,000 square meters last year. Twelve cities — Lyons, Lille, Nantes, Grenoble, Rennes, Rouen, Toulouse, Bordeaux, Nancy, Strasbourg, Nice and Marseille — account for 70 percent of the commercial property activity.

IBM and Miele, a 1,600-person conference center and a hotel with a capacity of 1,000 rooms.

In Lyon, second only to Paris for its scientific and research industries, municipal authorities have pushed for a scientific center around Gerland, a former slaughterhouse district only 10 minutes from the heart of the city. With Ecole Normale Supérieure de Lyon as its hub, Gerland comprises a plethora of biotech or pharmaceutical companies. Another "technopole" in Lyons Ouest includes four "grandes écoles," and computer, electronic and biotech firms such as Black and Decker

Currently there are 100,000 square meters of offices available for rent or sale in the southwestern metropolis of Toulouse, where the main areas for offices are near the airport of Blagnac, Labège in the southeast and "Companie Caffarelli" in the center of town. Small wonder the me-

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SCIENCE

Satellites, Weapons In Battle of Deception

By William J. Broad
New York Times Service

A BATTERY of new technologies, some mature, others on the drawing board, will help the United States overcome Soviet efforts to deceive Western spy satellites, according to former government officials, space experts and private scientists.

For years, largely without public knowledge, the two superpowers have vied to fool each other's surveillance satellites and the military analysts who interpret top-secret photographs made from space.

Weapons in the war include camouflage, concealment, decoys and misleading deployments of real weapons. Both sides use ground-based radar and computers to track hostile satellites and to predict when they will pass overhead, allowing military units on the ground to hide or disguise sensitive positions.

False deployments of tanks, planes, missiles, command posts and other military installations are seen as important for creating a psychological edge in peacetime and for drawing away enemy fire from real targets during war.

Nuclear arms are supposed to be exempt from such games. The United States and the Soviet Union have agreed in treaties to refrain from interfering with satellite reconnaissance to monitor compliance with nuclear arms agreements, but critics say neither side has completely lived up to the pledge.

The West has long been at a disadvantage in the war of deception because it is difficult to keep fake operations and false deployments secret in an open society. But it has recently made several advances in ways to see through Soviet deception. By the 1990s, military experts say, Western spy satellites will be nearly impossible to track and will be able to see through clouds and outwit enemy camouflage and decoys.

Dino A. Brugioni, a senior reconnaissance official at the Central Intelligence Agency for 34 years before his retirement in 1982, said: "There's no doubt that the West has the advantage" in perfecting the new technologies, which rely heavily on advanced materials, electronics, computers and optics.

The KH-11 spy satellite launched last week by the United States boasts technologies that mark a first step in that direction.

The KH-11 has powerful, light-weight engines that allow controllers on the ground to maneuver it in orbit. Future spy satellites will be capable of being reoriented, dramatically extending their range and life-span.

A second future technique is to build spy satellites out of materials, like those in the "stealth" aircraft, that absorb or disguise radar waves, making them invisible to enemy equipment.

Yet another technique would be to create sensors that can record more than the waves of visible light, enabling them to expand from simple black and white images of hundreds of distinct parts of the electromagnetic spectrum. Such sensors could see through camouflage and gather subtle clues about whether "weapons" are made of metal or plastic, whether they are real or fake.

In the Soviet Union, such concealment and deception is called "maskirovka." The name is applied to any measure that aims at disguising the real picture and showing a false one to an enemy.

Viktor Suvorov, a former Soviet intelligence officer who defected to the West in 1978, says the Soviet military collects data on hostile spy satellites, predicts their orbits and tries to dodge or deceive them.

"No trials of tanks, aircraft, radars, sets, radars, or submarines were to be undertaken if, at a particular moment, a hostile satellite was overhead," Mr. Suvorov wrote in his book "Inside the Soviet Army." He said the increasing accuracy of American missiles prompted the Soviets to say neither side has completely lived up to the pledge.

ACCIDENTS of nature have occasionally helped reveal Soviet deception. In his book on the Soviet and military, "The Threat," Andrew Cockburn tells how American photo interpreters in the early 1970s discovered that a new ballistic missile submarine had joined the Soviet northern fleet at Polyarny on the Barents Sea. But after a storm swept the area, the new "submarine" was bent in half.

Mr. Brugioni said such incidents suggest ways for the West to see through some Soviet deception, even without new technologies. "The photo interpreter has all kinds of tricks," he said. "If the Soviets put up dummy aircraft, you never see them being serviced. If they put up rubber dummies and decoys, you see them smashed as the weather and seasons change."

Although the Soviet military is considered a master in the art of satellite deception, the American military has learned a few tricks over the years.

The most common practice is to stay out of view of Soviet satellites. For instance, during the unsuccessful attempt in 1980 to rescue American hostages in Iran, about 400 soldiers and airmen involved in the effort were stationed in Egypt, along with their weapons and aircraft. All their activities were carefully timed. Whenever a Soviet reconnaissance satellite was to pass overhead, the soldiers took cover in an aircraft hangar.

The Navy has used such methods to hide ships at sea, timing their speed of transit to avoid passing satellites. In 1985, for example, an American naval force evaded Soviet detection during its passage across the Atlantic. Its commander, Vice Admiral Henry Mustin, later boasted: "We disappeared from the face of the earth as far as the Soviets were concerned."

Paul B. Stares, a space expert at the Brookings Institution in Washington, said the Navy not only knew how to avoid Soviet satellites but practiced having its ships temporarily sail on false courses in order to trick them.

The American military is increasingly looking to advanced technologies as a way to outwit the Soviets, experts say. The KH-11s engines, for instance, allow it to move around in orbit and to show up in unexpected places, thwarting attempts to conceal or mislead.

Penetrating clouds and other barriers is possible when space sensors focus on revealing signals. One day, for example, James A. Coalter Jr., a senior scientist at the National Center for Atmospheric Research in Boulder, Colorado, was looking at a 3.7-micrometer space photo of the ocean, which is in the infrared region. Clouds were nearly invisible. But the picture was covered with myriad streaks, which he quickly realized were caused by gases from smokestacks of passing ships. "What's really amazing is that you see no signals from the smokestacks in the visible," he said.

"The future is very interesting," said Brian Gordon, a Defense Intelligence Agency analyst, noting that multispectral sensors were under development that could simultaneously monitor 224 parts of the electromagnetic spectrum.

"The skies may be crowded in the future" with new kinds of satellites, he said.

Paul D. Zimmerman, a physicist and senior associate at the Carnegie Endowment in Washington, said the process was similar to performing "a rough chemical analysis" of earthly objects from spy satellites several hundred miles away. "Anything that's camouflaged or decoyed will be seen to be that way," he said. "You'll be able to see it's physically and chemically different from the thing it's pretending to be."

Multispectral techniques were pioneered not by the military but by civilians, in particular the National Aeronautics and Space Administration. In the 1970s, NASA created two pioneering satellites, *Saturn* and *Landsat*, the former working in the radio-frequency range of the electromagnetic spectrum.

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"The skies may be crowded in the future" with new kinds of satellites, he said.

Most of the genetic material

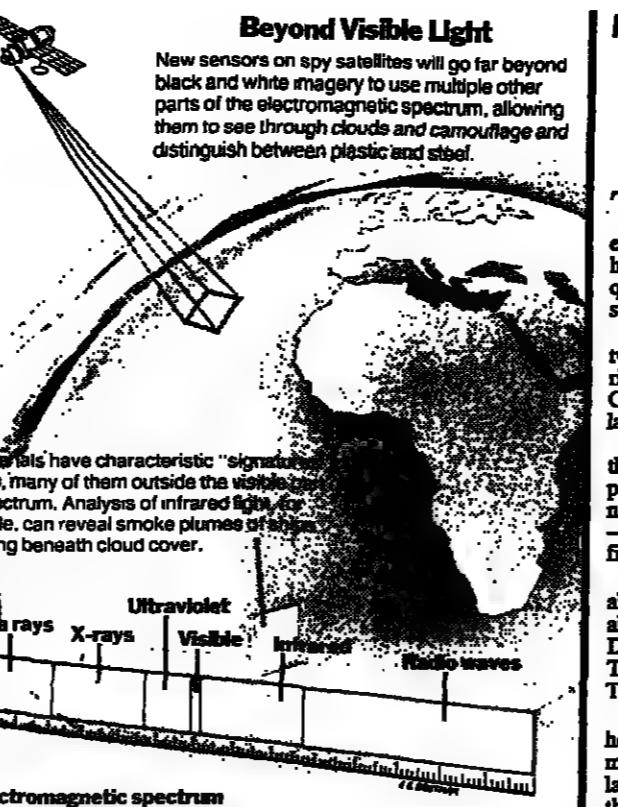
for the virus is maintained in a collection of circular pieces of DNA called plasmids that can be grown in bacteria. Each plasmid holds a different small portion of the virus DNA.

Specialists say it would not be possible to grow a live virus from the combined material of the whole plasmid collection.

Dr. Dumbell questioned virologists throughout the world about the desirability of destroying the virus. Of the 61 scientists in 22

countries who responded, only five thought the virus stocks should be preserved indefinitely.

Those five offered two reasons: first, that the virus could be kept in storage with minimal risk and that this should be continued to preserve specimens of the species; and second, that the preservation of openly retained stocks was preferable to destroying them and leaving the possibility that some country was keeping secret stocks for possible use in biological warfare.



Beyond Visible Light

New sensors on spy satellites will go far beyond black and white imagery to use multiple other parts of the electromagnetic spectrum, allowing them to see through clouds and camouflage and distinguish between plastic and steel.

The Smallpox Quandary

By Harold M. Schmeck Jr.
New York Times Service

THEEN years after smallpox ceased to exist as a human disease, virus experts and public health officials are in a strange quandary: what to do with the last surviving smallpox viruses.

These viruses exist today in only two places: high security laboratories in Moscow and at the U.S. Centers for Disease Control in Atlanta.

Now, on the 10th anniversary of the eradication of smallpox, the experts are questioning whether or not those last stocks of variola virus — the cause of smallpox — should finally be destroyed.

"No scientist is working with variola virus or is likely to be allowed to do so," said Dr. Keith Dumbell of the University of Cape Town in South Africa, writing in *The Lancet*, a medical journal.

"To the best of our knowledge," he added, "destruction of all remaining laboratory stocks of variola virus would set the final seal on the attempt to rid the world of this infectious scourge."

But some specialists have argued that the virus should not be erased from the world, partly because unforseen research uses might arise in the future and partly because once it was destroyed, it could never be raised from extinction.

The deliberate extinction of a species would be an unprecedented step. But this is a species that, over thousands of years, has killed many millions of people, has killed one in five of those infected and distinguished many of the survivors.

The military's aim is to vastly expand the number of channels being monitored from space in order to increase the power and sophistication of remote chemical analysis. Decoys made of wood or plastic could thus no longer masquerade as metal. Camouflage would be revealed as canvas rather than foilage.

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"The skies may be crowded in the future" with new kinds of satellites, he said.

Most of the genetic material

IN BRIEF

Panel Criticizes Rise in Caesareans

WASHINGTON (NYT) — About half of all women who gave birth by Caesarean section last year in the United States did so unnecessarily and perhaps dangerously, according to a report issued by a non-profit organization founded by Ralph Nader.

About 906,000 Caesarean deliveries were performed last year, about 24.1 percent of the total, according to data presented by the Public Citizen Research Group. The rate of Caesarean sections has quadrupled over the last 16 years, the report said. Dr. Sidney Wolfe, director of the group, said physicians generally agreed that only about 12 to 16 percent of mothers required the procedure.

The reasons for the excessive use of Caesarean sections, the report said, were the "outdated policy" of repeating the procedure for any mother who has already had one and overdiagnosis of abnormal labor and fetal distress.

Dr. Wolfe also asserted that the procedure was widely used because Caesarean deliveries are more profitable and more convenient.

If the increase in Caesarean deliveries is unchecked, the rate will increase to 40 percent of all births by the year 2000, the group predicted.

Earth's Temperature on the Increase. WASHINGTON (AP) — The long-debated "greenhouse" warming of Earth could become noticeable in the next decade, according to James Hansen, director of the Goddard Institute for Space Studies. Scientists have warned that Earth's atmosphere is being changed into a greenhouse-like environment, trapping more heat from the sun than can escape into space — a result of increased carbon dioxide and other gases in Earth's atmosphere, largely through burning fossil fuels and wood.

Added carbon dioxide in the atmosphere has raised the planet's average temperature about 0.6 degrees centigrade (one degree Fahrenheit) during the last century, but in the coming 100 years the rise could be 2 degrees to 5 degrees centigrade, Mr. Hansen added.

The change will result in more extreme days that can affect people, crops, energy use and other parts of society. The most likely results of a warming include increasing rain and snowfall in some areas, warming of the polar regions in winter and a cooling of the upper atmosphere.

Photos Spur Himalayan Yeti Debate

NEW YORK (NYT) — The Himalayan yeti debate has been revived by an English physicist who described a sighting and presented two sets of photographs as evidence during the annual meeting of the American Alpine Club. Anthony B. Woodbridge said he encountered what he believed was a yeti in the Himalayas last year.

His main evidence consists of two sets of photographs taken on March 6, 1986, on an 11,000-foot (3,350-meter) Himalayan trail near India's border with Tibet. One photo shows fresh tracks in snow made by enormous feet with widely splayed big toes. The other, taken from a distance of 450 feet through a wide-angle lens, shows a silhouette of a vaguely human figure. His photographs have prompted skeptical comment even from self-proclaimed yeti believers. Dr. Grover S. Krantz, an anthropologist at Washington State University, said, "Those pictures are definitely not of a yeti." By his own account, Dr. Krantz said, Mr. Woodbridge never positively saw the thing move. Dr. Krantz said he was sorry to cast doubt. "I am absolutely convinced that the North American sasquatch exists," he said. "Although the photograph is sharp and well exposed, the figure in question is so distant that an enlargement of the image reveals little detail."

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NYSE Most Actives						
Vol.	High	Low	Last	Chg.		
PhiEi	21,000	20	19	20	+1	
PSYH	20,770	18	17	18	+1	
BritP	19,400	15	14	15	+1	
OTC	19,200	15	14	15	+1	
SEKod	22,222	52	50	51	+1	
GenE	22,111	45	44	45	+1	
AT&T	19,933	29	28	29	+1	
USA	19,852	29	28	29	+1	
Digital	17,183	134	131	131	+1	
PSF-Sp	17,063	58	57	58	+1	
USA	14,479	26	25	26	+1	
Petrol	12,777	27	26	27	+1	

Market Sales						
Vol.	High	Low	Last	Chg.		
NYSE 4 P.M. volume	202,500,000					
NYSE prev. close	225,369,540					
AMEX 4 P.M. volume	12,200,000					
OTC 4 P.M. volume	122,599,500					
OTC prev. 4 P.M. volume	121,244,500					
NYSE volume down	102,720,200					
AMEX volume down	3,529,000					
OTC volume up	4,482,500					

NYSE Index					
High	Low	Close	Chg.		
Composite	124.53	124.26	124.26	+0.01	
Industrials	122.14	122.04	122.04	+0.01	
Trans.	122.14	122.04	122.04	+0.01	
Finance	122.05	122.04	122.04	+0.01	
Utilities	122.05	122.04	122.04	+0.01	
Services	122.05	122.04	122.04	+0.01	
Transp.	122.05	122.04	122.04	+0.01	

Wednesday's NYSE Closing

Via The Associated Press

AMEX Diary					
Class	Prev.				
Advanced	263	224			
Declined	263	224			
Unchanged	263	219			
Total Issues	263	219			
New Highs	22	21			
New Lows	22	21			

NASDAQ Index					
Class	Chg.	Week	Avg.	Vol.	Prev.
Composite	135.12	+1.23	132.19	262,08	+1.23
Finance	135.12	+1.23	132.19	262,08	+1.23
Insurance	135.12	+1.23	132.19	262,08	+1.23
Utilities	135.12	+1.23	132.19	262,08	+1.23
Services	135.12	+1.23	132.19	262,08	+1.23
Transp.	135.12	+1.23	132.19	262,08	+1.23

AMEX Most Actives					
Vol.	High	Low	Last	Chg.	
LevTel	707	974	974	+176	
WorlB	3,694	120	119	-1	
Texar	3,688	137	136	-1	
Appr	2,254	716	716	+76	
Amdec	2,123	205	205	+1	
Echb	1,914	189	189	+1	
WDG	1,821	180	180	+1	
Prm	1,803	64	64	+1	
HimeSh	1,593	22	22	+1	
Alpi	1,559	22	22	+1	
Int'l Bk	1,329	76	76	+1	
PHILDS	1,329	76	76	+1	

NYSE Diary					
Class	Prev.				
Advanced	713	493			
Declined	523	1,211			
Unchanged	241	196			
Total Issues	2,002	1,996			
New Highs	2	32			
New Lows	2	32			

Odd-Lot Trading in N.Y.					
Nov. 3	Buy	Sell	Chg.		
402,157	402,079		-78		
402,079	402,000		-79		
402,000	401,921		-79		
401,921	401,843		-78		
401,843	401,765		-77		
401,765	401,687		-77		
401,687	401,609		-76		
401,609	401,531		-76		
401,531	401,453		-75		
401,453	401,375		-75		
401,375	401,297		-74		
401,297	401,219		-74		
401,219	401,141		-73		
401,141	401,063		-73		
401,063	400,985		-72		
400,985	400,907		-72		
400,907	400,829		-71		
400,829	400,751		-71		
400,751	400,673		-70		
400,673	400,595		-70		
400,595	400,517		-69		
400,517	400,439		-69		
400,439	400,361		-68		
400,361	400,283		-68		
400,283	400,205		-67		
400,205	400,127		-67		
400,127	400,049		-66		
400,049	399,971		-66		
399,971	399,893		-65		
399,893	399,815		-65		
399,815	399,737		-64		
399,737	399,659		-64		
399,659	399,581		-63		
399,581	399,503		-63		
399,503	399,425		-62		
399,425	399,347		-62		
399,347	399,269		-61		</

BUSINESS ROUNDUP

Bonn Says It Will Sell Last VIAG Stake in '88*Compiled by Our Staff From Dispatches*

BONN — The West German government said Wednesday that it will sell its remaining stake in VIAG AG in 1988.

The government, which privatized 40 percent of the energy, chemicals and aluminum group last year, still owns 60 percent, but 12.56 percent of that is held by the state-owned West German Reconstruction Loan Corp. The Finance Ministry statement said the sale of that share also could be expected in 1988.

"The timing of the announcement is a surprise," said an equities analyst for Westdeutsche Landesbank AG in Düsseldorf. "That the sale will be in 1988 is nothing astonishing. The government needs money for the 1988 budget to finance the planned tax reforms."

"I think they announced it now to try and take pressure off the stock market, and to show determination to follow through with the plans in the medium term," the analyst said.

Tax cuts of about 14 billion Deutsche marks (about \$8 billion at current exchange rates) are to go into effect at the start of 1988, reducing government revenue. The Finance Ministry said Wednesday that the sale of the VIAG stake

would be written into the 1988 budget.

The ministry also said it would decide this week on when to sell its 16 percent holding in Volkswagen AG, the nation's largest automaker.

In September, Finance Minister Gerhard Stoltenberg said the privatization of Volkswagen probably would take place this year. But because of the stock market crisis, equities analysts believe, the sale is likely to be postponed until 1988.

Following the market's fall, VW abruptly canceled a presentation to the Frankfurt banking community, scheduled for early November.

Shares of VIAG, which had record profits in 1986 of 148 million DM, closed Wednesday at 185.5 DM, down from Tuesday's 190.

The ministry said the government held a nominal stake in VIAG worth 275 million DM, while the Reconstruction Loan Corp. stake was worth a nominal 73 million DM. At current prices the combined stake would be worth 1.3 billion DM. VIAG's total nominal capital is 580 million DM.

The government has set a budget deficit target of 29.3 billion DM for 1988, but some independent analysts expect it could be as high as 33 billion, not taking into account the VIAG sale.

(Reuters, ITT)

EC Will Examine French Write-Off Of Renault Debt

Reuters

BRUSSELS — The European Community's executive commission said Wednesday that it will examine the French government's plan to write off 12 billion francs (about \$2 billion) of Renault's debt to determine whether the move conforms with EC competition rules.

An EC statement said the commission, which must approve the write-off, believes it would give a competitive advantage to Renault, the state-owned automaker, and might distort competition within the EC.

The commission has taken a hard line recently against state aid to national companies.

The statement said the EC commissioner for competition, Peter Sutherland, had told the French minister of industry, Alain Madelin, that a number of aid measures to Renault would be examined together.

Texaco Says the Fight Will Go On

Texaco Inc.'s chairman, Alfred DeCrane Jr., left, and president and chief executive officer, James W. Kinnear, announce that the beleaguered oil giant will ask the U.S. Supreme Court to overturn a \$10.3 billion judgment awarded to Pennzoil Co. On Monday, the Texas Supreme Court let stand the award, the largest ever against a company, and analysts say Texaco's last hope to argue that Pennzoil violated U.S. securities laws when it sought to take over Getty Oil Co. in 1983.

Market Collapse Spells Hard Times for Computer Makers

Reuters

BOSTON — The New York stock market's sharp fall in the past few weeks points to hard times for the U.S. computer industry, which is just recovering from two and a half years of dismal orders.

Although analysts are undecided about how hard the industry will be if widespread forecasts of a recession come true, they say the large computer makers most damaged by the order slump of 1985-86 would also take the brunt of another downturn.

But certain segments of the market, particularly desktop computers, could flourish in a business environment where companies are trying to maintain computing power as they cut expenses.

"If anyone gets hurt it will probably be large and medium-size vendors," said George Colony, president of Forrester Research Group, a consulting firm.

For years the computer industry rode above economic cycles because of productivity gains that computers offered first-time users. That changed as computers became commonplace in industry. Still,

some analysts said computer makers could be the last to feel a 1988 recession because businesses will be looking to boost productivity.

Van Weathers, an analyst for Dataquest Inc., said: "I do not see how large corporate users can put

off systems purchases any longer, after postponing their plans for two years."

However, he cautioned that spending on information processing equipment "will clearly track the health of the economy."

IBM Presents New PC System

New York Times Service

LAS VEGAS — Putting an end to months of speculation, International Business Machines Corp. has announced that it will begin shipping the next generation of its personal computer operating system in December, a few months ahead of schedule.

IBM said that OS-2 would work on nearly all personal computers based on Intel Corp.'s 80286 and 80386 microprocessors.

Most software developers agreed that OS-2 would enable them to develop new types of application programs. "OS-2 represents an opportunity for all of us to build the software we've been dreaming of for all these years," said Philippe Kahn, chairman and chief executive of Borland International Inc.

Developed by IBM and Microsoft Corp., OS-2 will enable users to take greater advantage of the more powerful microprocessors in the latest personal computers. It can use 16 megabytes of memory,

or more than 25 times the 640 kilobytes accessible by the current operating system, MS-DOS.

"OS-2 is important to our industry because it unleashes the power of our new systems," William C. Lowe, a vice president of IBM and president of the entry systems division, said Tuesday.

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Most industry analysts said it is too early to predict a recession or revise their own forecasts for computer sales. But no one said they would be surprised if spending on capital equipment dropped off during the next two months, despite the last two consecutive quarters of healthy gains.

"I've talked to large and small vendors the last two weeks and the message they are giving is that they are tightening up, looking for ways to cut costs in case of a slowdown," Mr. Colony said.

The stock market takes a negative view of the computer industry's prospects. Hi-tech stocks on average dropped much more than the market as a whole. Those hurt included speculative issues and institutional favorites such as International Business Machines Corp. and Digital Equipment Corp.

The sell-off came just after most computer manufacturers reported their best quarterly performances in three years. IBM reported its first earnings gain in five quarters and Digital's fiscal first-quarter profits jumped 48 percent over the year-earlier period.

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U.S. Automakers Report Sales Rose 11.2%

The Associated Press

DETROIT — The top three U.S. automakers' combined domestic car and light truck sales rose 11.2 percent in late October from a year earlier, indicating that last month's stock market shakeup may not yet have hurt the auto market, the companies reported Wednesday.

General Motors Corp., Ford Motor Co. and Chrysler Corp. sold 318,133 domestic passenger vehicles during the 10 selling days from Oct. 21-31, up from 286,071 during the like period of 1986.

Their reports for October's last sales period had been awaited as one of the first measurements of the effects of the stock market crisis on consumer confidence and demand.

Ford's vice chairman, Harold A. Poling, said consumer demand was recovering with few ill effects and that Ford had no plans to cut its 1988 vehicle production schedules.

"The underlying economic factors are still the same as before the crash," he said, pointing to falling interest rates, low inflation and low, stable fuel prices.

The companies' car sales fell 0.6 percent to 196,015 from 197,145 a year before, while light truck sales

jumped 37.3 percent to 122,118 from 88,926 in the 1986 period.

Domestic sales figures do not include the imported cars that all three makers sell under their own brand names.

Ford's car sales rose 12.6 percent, to 59,603 from 52,844 a year before. Light truck sales were up 56.7 percent, to 47,637 from 30,398.

Car sales at industry-leader GM dipped a relatively slight 5.8 percent to 103,771 from 110,141. Its domestic light truck sales jumped 33.1 percent to 46,115 from 34,641.

Chrysler suffered a 4.2 percent decline in car sales, to 32,736 from 34,160. Both Chrysler and GM car sales have trailed 1986 levels throughout this year.

Chrysler, which bought American Motors Corp. in August, sold 28,366 domestic light trucks, including Jeep vehicles, up 18.8 percent from 23,387 a year before.

■ **GM Lays Off Workers**

DETROIT — GM said Wednesday that it will lay off many of the 3,700 workers at its Framingham, Massachusetts, plant and will suspend production Nov. 30 on Chevrolet Celebrity and Oldsmobile Cutlass Ciera models

built there, Reuters reported from Detroit.

"We will suspend production until market conditions change," a spokesman said. He said the company did not yet know exactly how many employees would be laid off.

The plant employs about 3,700 workers on two shifts.

GM earlier announced that its Canadian unit will begin rotating layoff of 5,900 workers at an Oshawa, Ontario, plant on Nov. 30.

General Motors of Canada Ltd. under a plan worked out with the Canadian Auto Workers Union, is eliminating the night shift at a plant that assembles Pontiac 6000s and Oldsmobile Sierras, eliminating 2,700 jobs, a union spokesman said.

Half the 5,900 employees will work every other two-week period while the others are laid off, she said.

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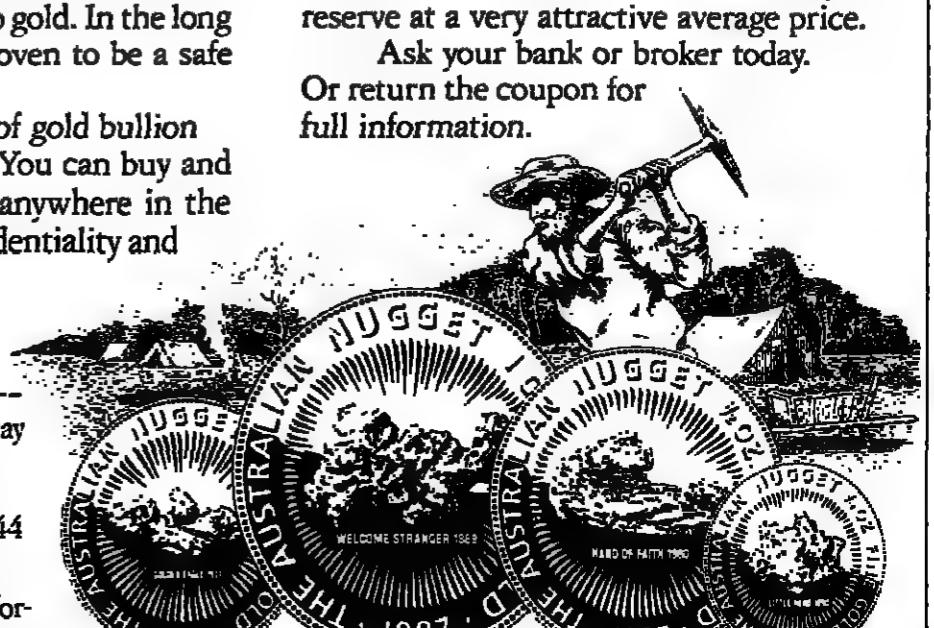
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Nervous Traders Push Dollar Down

Reuters

NEW YORK — The dollar finished lower Wednesday in quiet trading, erasing much of Tuesday's rally that had lifted it from historic lows.

Dealers said that worries over the outcome of budget talks between White House and congressional leaders continued to weigh on the currency.

The dollar had rallied in early trading before pessimism undercut the gains, driving it lower in afternoon activity.

The dollar closed at 1.7035 Deutsche marks, against 1.7170 DM at Tuesday's close. Against the yen, it ended at 136.65, down from 137.30 on Tuesday.

The U.S. currency fell to 1.4045 Swiss francs from 1.4170 on Tuesday and to 5.7980 French francs from 5.8430.

The British pound climbed to \$1.7545 from \$1.7420 on Tuesday.

After opening lower, the dollar rallied to match Tuesday's closing levels, then slipped back again. It got its boost from supportive statements by U.S. and West German officials.

The West German finance minister, Gerhard Stoltenberg, said that the United States wanted the currency to stabilize, while Robert Orttner, the U.S. undersecretary of commerce, said that the currency was competitive at current levels.

The exchange markets watched

London Dollar Rates

Closing

Wednesday

Tuesday

Monday

Friday

Thursday

Wednesday

Tuesday

Monday

Sunday

Saturday

Friday

Thursday

Wednesday

Tuesday

Monday

ART BUCHWALD

Q&A on Stock Market

WASHINGTON — It's now time for Mr. Crash to answer your questions.

What do the financial markets face right now?

Uncertainty.

What is the nation looking for? Leadership in Washington to resolve this country's enormous deficits brought about by 50 years of irresponsible Democratic leadership.

What is lacking?

Faith in the Beach Boys to get this country moving again.

Why is President Reagan not up set over the market?

Because his stock is in a blind trust and his hearing isn't that good either.

Will the stock market dive have any effect on the summit?

Not unless Mikhail Gorbachev has invested his Soviet pension in the Wedgetool Company.

Who is most responsible for Black Monday?

According to the White House, it is the people who voted against Judge Ford for the Supreme Court.

Would this have happened if Bill

Casey were alive?

No. According to Bob Woodward, Bill Casey told Woodward he was getting out of the market and putting his savings into Chinese Silkworm missiles.

How do we prop up the Iranian stock market?

All-American Series Of Shakespeare Planned

The Associated Press

NEW YORK — The New York Shakespeare Festival plans to present all-American productions of the 36 Shakespeare plays over the next six years, says the festival producer, Joseph Papp.

The project will cost \$3 million and will feature such stars as Meryl Streep and Kevin Kline, Papp said Tuesday, the first, "A Midsummer Night's Dream," directed by A.J. Antoon and starring Elizabeth McGovern, will open Dec. 7.



Buchwald

Send them a chocolate cake and a Bible, and put the ayatollah's picture on all moderate Iranian war bonds.

I have 100 shares of Safety Belt Airlines and they drop from \$340 to \$2 a share, should I get out or hold on to the stock?

This is what President Reagan refers to as a market correction. Only people who do not have faith in Wall Street would abandon ship when the price sinks to where it should be.

How did the big shorts do on Wall Street?

According to reports, all big shorts got out before the crash. Every affluent person sold out on the previous Friday, at which point they made a pile and confounded all the money managers on the Street.

There is a well-known saying that when Wall Street sneezes, the rest of the world gets pneumonia. Is there any truth to this?

There is no truth to it at all. Johnson and Johnson did an experiment in which they had the entire New York Stock Exchange sneezing for three minutes. There was not one case of pneumonia at any market in the world. What happened was that everyone caught Asian flu. They were so irritated by the flu that they sold the dollar at its lowest rate in history.

There are some very smart young people on Wall Street who aren't very smart now. What happens to them?

McDonald's has a standing offer to all his laid-off securities managers and analysts to work in their stores. A vice president said, "Any one who has sold stock for the past few years can sell hamburgers. A grill is no different to work than a computer. I've had many dealers who started out deep frying potatoes but now have their own golden arches."

How can this country get its house in order so that the average person can become listed in Forbes as one of the richest people in the United States?

By demanding that President Reagan and Congress forget their differences and force us to pay the price and take the pain that will make everyone bite the bullet, which will produce Dow Jones averages that all Americans can be proud of.

By Robert Reinhold
New York Times Service

SAN FRANCISCO — "I'm not a very good homosexual — I can't keep house, decorate, cook or dress," said Randy Shilts, explaining why he didn't want to meet at his San Francisco apartment. But one thing Shilts can do well is report and write, and he has written an unforgetting book on AIDS, the scourge of San Francisco.

The book, climbing the best-seller lists in the United States, is the talk of San Francisco, where the disease is a daily fact of life for almost all residents, gay or heterosexual. Both his book and his pioneering reporting on the progression of the disease have given Shilts, a reporter for The San Francisco Chronicle, a measure of local personal recognition and power that few newspaper reporters enjoy.

Leaders of the city's large gay community carry favor with him, and still debate whether the brash 36-year-old writer is a hero or a traitor to their cause.

But few have ignored the book. "And The Band Played On: Politics, People and the AIDS Epidemic" is a story with few heroes in which Shilts accuses the press, gay leaders, many medical scientists and, most pointedly, the Reagan administration, of fiddling while the epidemic raged out of control.

"On the day President Reagan delivered his first speech about the epidemic," he writes with understated anger, "more than 36,000 Americans had been diagnosed with the disease over 21,000 had died."

He adds: "The United States, the one nation with the knowledge, the resources and the institutions to respond to the epidemic, had failed. And it failed because of ignorance and fear, prejudice and rejection."

It is a rare day at home for Shilts between movie negotiations in Hollywood, television appearances and an 18-city book tour. All the attention seems only to have made the writer more exuberant — some say strident and abrasive — than usual.

But few here begrudge him success after years of struggling with a story about a devastating disease.



Robert Reinhold, The New York Times

case that has claimed many of his close friends. When Shilts was hired by the Chronicle in 1981 he was a rarity: an openly gay reporter at a major American newspaper.

Shilts started to write stories about a mysterious "gay cancer." And when in 1983, it became clear that it was a sexually transmitted disease of the immune system, Shilts, who could talk from personal experience about the promiscuous sexual behavior of gay men in San Francisco, concluded that "clearly a disaster" was in the making.

His book is full of anger at public institutions that, he says, ignored the disease because most of its victims were gay. He denounces the Reagan administration for saying it did not need more money for acquired immune deficiency syndrome even as federal medical officials were begging for more. He says backbiting scientists concealed vital information from each other to garner credit. He criticizes the media, saying that while they covered the medical news about AIDS, they generally ignored the public policy issue until recently.

But the book has stirred the most reaction here for his ambivalent treatment of gay leaders, many of whom, he argues, shared culpability because they feared the truth about how AIDS was spread would destroy hard-won liberties. His stories focused on the bathhouses where many believed the disease was being spread.

"There was a lot of denial in the gay community," he said. "I was going out of my way to write as much about AIDS as I could.

My very existence was a slap in the face of that denial. They said I had gone to work for the Chronicle and sold out, carrying favor with my heterosexual bosses by writing about something that made gay people look bad."

Shilts said the pressures worsened his addiction to alcohol from which he is recovering.

But now, with the bathhouses closed and with the disease having become an epidemic, emotions have subsided and Shilts is credited by many with having been prescient. "He was tremendously courageous," said Carole

Migden, a lesbian leader who is the chairwoman of the Democratic Party here.

Still, there is lingering resentment, a feeling that Shilts has unfairly maligned the gay leadership. "It is not true no one would listen," said Paul M. Boneberg, executive director of the Mobilization Against AIDS. "There were thousands of people doing everything they could. He portrayed the bulk of the community as inactive and self-destructive." He also suggested that Shilts was an active advocate against the baths, not merely an objective reporter.

"Writing about the gay community is like being a reporter in a small town," Shilts said. "You get immediate reaction. I walked down the street and had people shout at me." He rejected suggestions that he should be an advocate for homosexuals.

"Though I'm open about being gay, I do not perceive myself as being an activist of any sort," Shilts said. "The book has a point of view, but I reject advocacy journalism. I'm just your basic reporter."

Shilts grew up in Aurora, Illinois, and migrated west to study at the University of Oregon. At age 20, he told his friends he was gay and became active in gay politics, later reporting for The Advocate, a gay newspaper.

Shilts described his health as "just fine," although he said he had not taken the AIDS antibody test because there is no medical test available if the test is positive and because he engages in no activity believed to spread the virus that causes AIDS.

At the Chronicle, Alan D. Mutter, assistant managing editor for metropolitan news, said that when he came to the newspaper from Chicago two years ago his "breath was taken away" by the explicitness of Shilts's reporting on AIDS. But he said he came to recognize it as a major story.

He said he saw no conflict of interest in having a homosexual reporting on AIDS and would still keep Shilts on the beat even if he came down with the disease. "Our medical writer wrote about colds when he had a cold," he said. "The bottom line is professionalism."

Prime Minister Margaret Thatcher admonished a Spanish tourist who cursed to her on Wednesday during a two-hour shopping tour in one of London's biggest department stores. "You don't do that to me, my dear — I'm only in politics," the British prime minister told Josefina Paganolas Morell, referring to the practice of cursing only to members of the royal family. Thatcher did sign an autograph for Morell at Marks and Spencer's Marble Arch store on Oxford Street. A visit to the second-floor lingerie department was on Thatcher's program when she arrived, but 15 minutes later, after reporters and photographers expressed an interest in going with her, it was canceled. The prime minister bought about £300 (about \$520) worth of goods, including five musical Christmas stockings, some flower-patterned bed linen, a basket of cosmetics, two silk blouses and a sweater.

Christopher Nolan, a young Irish victim of cerebral palsy who writes by typing with a stick strapped to his forehead, became a finalist Tuesday for one of Britain's top literary awards, the Whitbread Book of the Year prize. Nolan, 21, won the biography category for his autobiography, "Under the Eye of the Clock," and is in competition with four others for the Whitbread prize to be announced on Jan. 19. The others are the novelist Ian McEwan for "A Child in Time," the poet Seamus Heaney for "The Haw Lantern," Francis Whigham for his first novel, "The Other Garden," and the children's novelist Gerald Dean McCaughrean for "A Little Lower than the Angels."

The French Society of Fine Arts elected the actor, theater director and author Peter Ustinov to the society's foreign association. Ustinov was chosen to replace the late American film director and actor Orson Welles.

Art lovers they weren't, but they sure knew their labels. Burke Armstrong, a well-dressed couple walked into his art gallery and side at a Ralph Lauren pillowcase valued at \$120, leaving untouched pajamas worth thousands of dollars. He said he plans to replace the pillowcase with a non-designer one. "It's just part of the furnishings," Armstrong said.

A safe sealed by the crook Rudy Vallee in 1942 held love letters from Dorothy Lamour, Hedy Lamarr and Alice Faye along with other Hollywood memorabilia. The contents of the safe, which was opened Tuesday in Valley home in Hollywood Hills, overlooking Los Angeles, were part of a collection purchased by the Thousand Oaks Library in California for \$275,000. The love letters will be returned to the actresses, said Chris Harris, the late singer's publicist. Vallee, who became a pop singing sensation during the 1920s with "The Whiffenpoof Song," died July 2, 1986, at age 84.

Carlos Kleiber, whose concerts in Rome drew raves from critics, will not conduct Puccini's opera "La Bohème" due to illness. The Teatro Comunale in Florence announced the theater gave no details Tuesday about what it called "serious health reasons" for Kleiber to cancel nine performances that had been scheduled to start Nov. 21. Franco Zeffirelli's production of

PEOPLE

Thatcher Rejects Cursing

the opera now is to be conducted by Bruno Bartoletti.

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